

(January 15th, 1906.)

Canadian Transportation.

BY CHAS. M. HAYS.

Mr. C. M. Hays, on rising to address the club, was greeted with enthusiastic applause, which was frequently renewed during the progress of his remarks. He said:—Mr. Chairman and gentlemen of the Canadian Club,—In my uncertainty as to just what I was expected to say to you to-night you can imagine my perturbation when one of the friends with whom I had been associated to-day said: “I think the only position. I think a little less than a year ago I met the members of a somewhat similar club in Montreal, and I had gone to the trouble of having a map prepared, which was hung on the wall, by which everyone could see just exactly where the road was going, and could make his own selection of town sites and terminals to suit himself. Shortly after the map had been displayed it had disappeared. Since then I have lost all track of the question, and I am sorry that Toronto—this is the only instance I have ever known it to occur—Toronto comes in just a little late on the town site proposition. I was beginning to feel very much at a loss as to what I should do when I was told that your habit at these

club meetings was to have a short speech, and that the speaker was never contradicted; that he could make his own statement without any fear of challenge, and that you generally broke up at a very reasonable hour in the evening.

I feel quite sure that, while in the large and representative gathering I have the pleasure of addressing to-night, there are many of you who are what might be termed specialists in banking, in insurance, in mercantile, and in all the many and varied pursuits that go to make up a great and prosperous city like Toronto, there are very few of you who are not prepared to tell me how I can run a railroad, and give me points in directions that have hitherto escaped my notice.

Gentlemen, this is not said in a satirical vein, nor in a complaining humor; it is merely a statement illustrative of that peculiarity of the transportation business that distinguishes it from almost every other business that we know of. So largely does the question of the cost of transportation enter into your cost of living, of where you shall live, and what you shall wear, that it is not strange there is scarcely an individual in business life but what has his own views and ideas to express in regard to the proper conduct and operation of a railway. I am not, therefore, surprised to meet from time to time—and sometimes several times a day—people who give me suggestions that are intended to assist—and they do at times assist—in the conduct of the property over which I have the honor to preside.

There are usually but two directions in which complaints as to railways exist. These are: First, a complaint as to the character of the facilities afforded—you want more trains, faster trains, more sidings, more box cars, better stations. The second complaint is as to the rates in Canada; they are alleged to be excessive, discriminatory, and to result in building up one community against another. Unfortunately, for the unhappy manager, to attempt to reconcile these two complaints is but to cut short what would otherwise be a happy life.

The first of these complaints means, as you may readily understand, more expenditure in every direction; it means that either out of the daily receipts from the operation of the road, or out of the funds obtained by selling the securities of the road, this expenditure shall be met, and thereupon there shall be an effort made to earn the annual charges.

The second complaint invariably takes a form which is the very opposite—a decrease in the revenues and a cutting down of the very means requisite to meet the demands of the first complaint. Now, as to the first—the service rendered and the facilities afforded.

I think I speak for the great majority of the railway managers, officials, and employees also, when I say that if you want to get "next" to the railroad man, if you want to warm the cockles of his heart, and make him think he is a great railway man, just tell him how much

better his road is doing what they are attempting to do than the competing road is. Just tell him how much faster his trains are, how absolutely certain they are as to their regularity of arrival at the terminals, with what luxurious comforts you travel in his sleeping cars, how commodious and ornamental to the city the station at which his trains stop is. Therefore, you have in that very self-pride, that pride of emulation, the strongest incentive there can be to the railway management to do the best they can for you; that even with all the criticism railways have to meet, and that sometimes they are entitled to—I have known instances in connection even with the road over which I preside where there was really fair reason for criticism. Even, gentlemen, with all that can be said in that direction, I can yet assert—and assert it positively without fear of contradiction—that in a life of a little less than seventy-five years the railway companies of this continent have given you the cheapest transportation in the world.

No other country enjoys anywhere near what the citizens of this country are getting in the way of transportation and its cost. It means that you are paying about one-third what you would pay if you lived in England, the rate, from such statistics as we can get, being approximately two cents and two mills per ton mile. You are paying a little less than one-half what you would pay if you lived in Germany, the rate there being one cent and five mills per ton mile. You are paying about one-half what you would pay if you lived in France, the rate there being 1.4 cents per ton mile, while your average rate is—and I say it with regret as a railway manager—seven mills. So that in the matter of cost there can be no real good complaint made.

Now, as to the character of the service. We, once in a while, all of us, railway managers as well as other people, think they have the credit of being about as heartless people as there are living. We are all of us shocked at those terrible accidents that occur on the best regulated railways from time to time, and at the loss of life and injury resulting therefrom. The impression goes abroad that the railways are reckless, that there is not proper precaution taken, and that there is unnecessary loss of life and injury to persons and property. As a matter of fact, the records of the insurance companies—and I do not know of any better records than the records of the accident insurance companies in these matters—show that of the total number of accidents occurring, 28 per cent. occur to pedestrians, 18 per cent. occur to people at their own homes—in houses—, another 18 per cent. occurs in connection with the use of vehicles and animals; 5 per cent. only occurs in connection with the operation of the railways. I think you have in that a very good argument as to the care and prudence which is shown in the operation of the railroads. If you but think one moment of the numberless trains that leave all the principal terminals of the railroads throughout the country every morning and every evening,

and sometimes in the middle of the day, and go safely without accident and without harm to their destinations; think of that number of trains and then multiply it by the number of employees in connection with the road over which they pass, any one of whom might cause an accident to that train, from the humblest employee up to the engineer and fireman and conductor and trainmen handling that train, and when you think of the numbers and the possibilities, the risk is very small and quite justifies a comparison that railway men sometimes are fond of making, that more people are killed every year from falling out of windows than are killed by railway trains. That is said to be also a fact established by the records of the companies which keep a record of such events.

Now, the only requisite for you to show or give for keeping all these additional facilities that are so desired and are so requisite for your daily comfort and happiness, is that the different railway companies can show that they can earn the interest on the money invested. I have had to-day with the City of Toronto the question of the abolition of grade crossings. I betray no confidence when I say that the Grand Trunk is quite prepared and would like very much to abolish the grade crossings in Toronto, but it cannot do it all; nor is there, from the Grand Trunk standpoint, any reason why it should do it all, but it stands ready to do its fair share of it. The abolition of grade crossings contributes nothing to the earning capacity of the Grand Trunk, but it is an earnest of the desire of the officers of the road to do away with those accidents that occur, and will always occur, notwithstanding every precaution, where the highway crosses the railway on the level.

We are trying, with some small degree of success, to reach a point where we may eventually give you a new union station for Toronto. There are reasons, gentlemen, which I do not feel at liberty to state, why we have not yet got possession of all the property that we should have to commence the erection of that station. But I think I may say that these reasons are not because we have been unwilling to pay what the property is worth, based on the value of surrounding property. Of course, railway companies have that most estimable privilege, the right of eminent domain, which practically means that they may pay three or four times what anyone else would pay.

Now, as to the question of rates. That, I assume, comes nearer to touching you than any other point I can mention. I know of no country, and I think there is no country in the world that is so wonderfully endowed with those means of regulating rates, which it is possible the railways might forego if they could—that is, the waterways. Stretching as they do, from the Gulf of St. Lawrence for into the interior of Canada, for seven months out of the year they fix the rates and the maximum at which the railway companies can do busi-

ness. For the remaining five months they also exercise a salutary effect in providing that we should, if we want to do business at all, make such rates as will prevent the traffic being held until the waterways open up again. The community is, therefore, amply protected in the matter of railway rates. But, aside from this protection, the railway manager has very little to say about the question of rates. The railways are in a position where not only by reason of the waterways, as I have mentioned, but by reason of the struggle for competitive positions between the cities that they serve, they are always in a position of uncertainty as to their rates. The struggle for commercial supremacy, the question as to what port shall handle the largest amount of the export traffic, and the question of the equalization and adjustment of these rates through those ports keep them on a constantly descending scale. The struggle between the importer and the manufacturer who is bringing in his raw material and the same industrial enterprise shipping out their manufactured goods in another direction, and the constantly recurring question as to the difference that shall exist between the raw and manufactured material keeps the rates in a constant state of adjustment, and they always adjust downward, at least that has been my experience.

In the United States, and I mention the United States because of the fact that what the railroads do in the United States is constantly brought forth as argument why the railways in Canada should do the same thing, this question of the regulation of railways assumed a very active phase some 25 years ago, and resulted, as you all may know who follow such things, in the passage of the Interstate Commerce Law, which took effect in 1887. This law was the result of enquiries held by commissions from the House of representatives and from the Senate, and from the eliciting of testimony from shippers all over the country, and from the railroad men themselves. This law had for its object:—First, the abolition of the Pool, which you understand to be the dividing between the railways, the apportioning, of the rates on that particular business. Second, the regulation of the short haul; that is that the rate on the short haul should not exceed the rate on the long haul when the short was included in the long haul. Third, the abolition of rebates. Various penalties were provided in this bill. That law has been in effect since 1887, but the number of legal decisions on appeal from the decisions of this Interstate Commission to the United States Supreme Court has been no greater in favor of the Commission than you could count on the fingers of both your hands. No more conclusive evidence could be given that the railroads were attempting to do business on a fair rate. Every state in the United States almost has its own State Commission regulating rates within the state, while the Interstate Commission regulates the rates on traffic passing through the state. These State Commission, some of them, started

in very viciously towards the railroads. The majority of them found that their complaints came largely in the direction of facilities lacking and desired, not on the question of the rates themselves. So that there is very little evidence existing that the railways purposely exact an exorbitant rate. It is our desire, our intention, to do what we can to build up the traffic of the country. But even with all this legislation what do we find? In the United States for the past year the question of the regulation of rates has broken out more violently than ever. President Roosevelt himself has taken a hand in, and it is proposed to bring down a bill which will give this Interstate Commerce Commission the right to fix the rate itself, as our Canadian Railway Commission has under the Act of 1903. And so the struggle as to the rates, what it shall be, and whether it is excessive or reasonable, goes on; the same thing as the change from day to night. It changes with the growth of the country, it changes with the changing conditions, and it will always be so.

The only question I would ask you to consider, that I would commend to you to-night is this:—Are the regulations, are the conditions, and the restrictions that are found necessary in connection with the operation of 220,000 miles of railway, serving a community of 80,000,000 people, the rates and regulations that you think should apply to 20,000 miles of railway, serving a population of 6,000,000. I ask you to consider this, because admitting there may be irregularities, there may be discriminations, there may be errors to be corrected that have grown up with this wonderful development, have we reached that point yet here when we are just on the threshold of what is to be, I believe, and what we all hope will be, the greatest railway development that Canada has ever had. This question will loom up with you, gentlemen, larger and larger, every day, and I am only going to ask you to give your thoughtful consideration to these matters and to cultivate, if you do not have it already, and I have no reason for thinking you have not, a friendly attitude towards the railways, believing that if they prosper you will prosper also. Regulate them just as you regulate any other business, but do not discriminate against the railways in your regulations, simply because they are railways, and because they come into daily contact with a greater number of people than does any other commercial undertaking.

Now, so much for the rates. I expect you would hardly think I would go without making at least one or two suggestions in connection with the development of the transportation facilities. To-day we talk more about the wonderful wheat fields of the Canadian Northwest than we do about anything else, and it would seem that in that direction, and in connection with that development, will come our greatest railway growth and the greatest commercial growth of the country. If I were to make any suggestions at all as to how that development

could be aided, I would say it would come in connection with the development jointly of your railways and waterways, and when I say waterways I do not mean the canals, although I am no enemy of the canals. The canals have passed their most useful days; they have done good work for the country, and will always do good work for the country. But the time when they will serve any other purpose than the movement of large bulk freight is past, and any expenditure that you can make on them that will give you any adequate return will be so long in being consummated, and take so many years to get your money back, that, as a business man, and as a business proposition, I would suggest that the money be spent first where you will get the quickest return, so that, when I say waterways, I mean those great waterways that never need deepening, that never need widening; I mean your wonderful lake system, connecting this part of Canada with Western Canada. Enlarge the ports. Give us at Fort William and Port Arthur the same adequate and extensive facilities that exist at Duluth; give us at Lake Huron and Georgian Bay ports the same extensive and adequate facilities that exist at Buffalo, Erie, and Cleveland. Let the railways furnish the tracks to those ports—and they will need double tracks to take away the traffic that will eventually come through those ports. If the Government must spend money on the waterways, let it be in the direction I have indicated. And I go further. Let it extend the ocean ports as well, let them all be nationalized, they are all a part of Canada, and they all afford an open way for the exportation of Canadian products. Montreal, Quebec, Halifax, St. John.

With me it is not a question of the largest. We take them first in order as they come. But I am quite prepared to repeat what I said two years ago, that when the Canadian Northwest has reached its greatest development it will no longer be a question of which port; it will be a question of what port, because the facilities will be so utilized, they will be so occupied, that it will be necessary to hold the traffic out of those ports to dispose of it, and hold it for days, unless some early action is taken in the development of these ports.

Now, I have heard it said, that Mr. Hays favored the lakes, and had no use for the line to the north of Lake Superior. Gentlemen, that would be a very great mistake from a business standpoint, if I ever for a moment had such an idea. The waterways will always command the large percentage of grain during the season of navigation, but just as there has been from Chicago by rail, so still will there be from the Canadian Northwest an ever-increasing volume of traffic going by rail after the lakes are closed, and what you need to get that traffic by rail is easy grades and directness of line. Then, if there is any Province interested in that portion of the undertaking it is Ontario, which for years must be the manufacturing centre of Canada for all that rapidly-growing territory of the Northwest in the two new pro-

vinces, where labor will be too expensive to start manufactures, and where you must ship the furniture, the reapers, the harvesters, thrashers, boots and shoes, dry goods and everything that the settler needs. Ontario must have not only water connection, but the best of rail connection the year round to the Canadian Northwest.

Having said these things, I feel, gentlemen, perfectly safe in leaving the future in your hands, and simply again thanking you for this large attendance and for your earnest attention, and saying to you that I am very glad indeed to have this opportunity to-night of meeting so many of you. I wish it could occur oftener. I wish we could oftener sit around and discuss this question of railways, I believe it would be to our mutual advantage. But I want to say to you that so far as lies within my power, remembering all the time my duties to the owners of the property, because—and I must say right on that point that not ten per cent. of all these millions of dollars that are going to be spent and have been spent on railways in this country and the Northwest are obtained here in Canada—it all coming from abroad—it would be most unwise to do anything either in the operation of the railways or in the attitude of the people towards these railways to discourage the easy obtaining of this money for the development of this great empire in the Northwest—(applause). To-day Canada is popular, more so than she ever was in her history, in England. All you have to do to obtain all the money that is needed is to show them that the money is going to secure a fair return and that the property in which it is invested is going to be protected and treated fairly.

Gentlemen, I leave it with you to cultivate and assist in cultivating that sentiment. Thank you again, very much.