

of considering all the passenger movement by motor vehicles as a loss to the railways. Much of that movement is due to the convenience and cheapness of motor-vehicle travel and would not take place at all under less favourable circumstances.

Similar considerations apply, to some extent, to freight moved by motor trucks. Part of the short-haul truck traffic has displaced the horse-drawn vehicle rather than the railway. Furthermore, traffic diverted from the railways to motor vehicles has been offset to some extent by new traffic for the railways created by the automobile industry, consisting of raw and finished products of manufacture, motor fuel and oil, and materials for construction and maintenance of roads suitable for motor travel.

On the other hand a phase of this new competition with railway transportation has been its effect on freight rates. The railway rate structure took into consideration the value of the goods handled, i.e., bulk and low-value commodities were carried at relatively low rates, while manufactured and high-class commodities were at higher rates, the difference in rates having little relation to the difference in costs of transportation. Such a structure allowed raw materials to be moved cheaply and the railways were compensated by higher rates on the finished commodities. The motor truck is changing this; the motor-truck operator carries these high-class commodities at rates closer to actual costs and does not attempt to carry raw materials except in special cases. His costs are reduced by a right-of-way being supplied for which he pays only a part of the cost and, if his rates are much above the actual cost, the manufacturer can quite easily supply his own transportation. Some branch lines of the railways are practically deserted except for a short time each year when snow interferes with motor-vehicle operation. Consequently, railway losses include both losses from freight diverted and also from reductions in rates for high-class freight in attempts to retain such traffic without compensating increases in low-class freight rates.

**Gasoline Consumption.**—All provinces require retail sales of gasoline to be reported and a tax is imposed on all gasoline consumed by motor vehicles using the highways and streets and also on that used for an increasing number of other purposes. However, the taxable gasoline is still largely consumed by motor vehicles and indicates in a general way the increase or decrease in the use of motor vehicles. Net sales are the differences between the total or gross sales reported and the quantities on which the tax is refunded in whole or in part, or on which the tax is not imposed at the time of sale.

#### 8.—Sales of Gasoline in Canada, by Provinces, 1934-38.

Province.	1934.	1935.	1936.	1937.	1938.
	gal.	gal.	gal.	gal.	gal.
Prince Edward Island.....	2,630,856	2,832,750	3,088,910	3,420,163	3,631,360
Nova Scotia.....	20,016,109	22,274,254	25,247,957	29,159,361	29,632,787
New Brunswick.....	13,640,325	15,185,003	17,477,029	21,947,202	21,998,728
Quebec.....	93,511,483	102,177,506	109,835,482	128,394,645	135,026,866
Ontario.....	252,976,407	272,680,687	282,827,724	324,858,959	337,880,996
Manitoba.....	27,678,221 <sup>1</sup>	28,448,689 <sup>1</sup>	30,561,665 <sup>1</sup>	34,635,432	38,596,582
Saskatchewan.....	36,784,519	39,166,282	45,966,233	46,278,251	65,090,674
Alberta.....	45,194,297	47,442,890	60,387,814	75,166,087	73,724,520
British Columbia.....	42,337,785	43,410,411	48,723,037 <sup>1</sup>	54,567,327 <sup>1</sup>	57,157,813
<b>Totals, Gross Sales.....</b>	<b>534,779,002<sup>1</sup></b>	<b>573,618,272<sup>1</sup></b>	<b>624,115,851<sup>1</sup></b>	<b>718,427,427<sup>1</sup></b>	<b>762,740,326</b>
Refunds.....	57,868,513	73,214,746	91,260,543	115,022,668 <sup>1</sup>	130,722,877
<b>Totals, Net Sales.....</b>	<b>476,910,489<sup>1</sup></b>	<b>500,403,526<sup>1</sup></b>	<b>532,855,308<sup>1</sup></b>	<b>603,404,759</b>	<b>632,017,449</b>

<sup>1</sup> Revised since the publication of the 1939 Year Book.