

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 since a right-of-way is supplied for which he pays only a part of the cost, and, if his rates are much above the actual cost, the large manufacturer can 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 their use. 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, 1935-39

| Province | 1935 | 1936 | 1937 | 1938 | 1939 |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | gal. | gal. | gal. | gal. | gal. |
| Prince Edward Island..... | 2,832,750 | 3,088,910 | 3,420,163 | 3,631,360 | 4,128,907 |
| Nova Scotia..... | 22,274,254 | 25,247,957 | 29,159,361 | 29,632,787 | 31,621,971 |
| New Brunswick..... | 15,185,003 | 17,477,029 | 21,947,202 | 21,998,728 | 23,192,413 |
| Quebec..... | 102,177,506 | 109,835,482 | 128,394,645 | 135,026,866 | 138,925,246 |
| Ontario..... | 272,680,687 | 282,827,724 | 324,858,959 | 337,880,996 | 345,105,726 |
| Manitoba..... | 28,448,689 | 30,561,665 | 34,635,432 | 38,596,582 | 41,455,558 |
| Saskatchewan..... | 39,166,282 | 45,966,233 | 46,278,251 | 65,090,674 | 87,877,403 |
| Alberta..... | 47,442,690 | 60,387,814 | 75,166,087 | 73,724,520 | 75,535,323 |
| British Columbia..... | 43,410,411 | 48,723,037 | 54,567,327 | 57,157,813 | 59,823,751 |
| Totals, Gross Sales..... | 573,618,272 | 624,115,851 | 718,427,427 | 762,740,326 | 807,666,298 |
| Refunds and exemptions..... | 73,214,746 | 91,260,543 | 115,022,668 | 130,722,877 | 144,723,812 |
| Totals, Net Sales..... | 500,403,526 | 532,855,308 | 603,404,759 | 632,017,449 | 662,942,486 |