WESTERN FREIGHT RATES

The closing sessions of the western freight rates inquiry, which has extended during broken intervals over nearly two years, were marked by gladiatorial combats between opposing interests. Mr. Phippen, counsel for the Canadian Northern Railway, presented some figures, rather startling in their nakedness, showing that the three principal railroads of Canada would next year face a total deficit of over $26,000,000 after the payment of capital charges and interest on investments. Mr. Lafleur joined hands with his colleague, adding that a reduction in Grand Trunk Pacific rates at the beginning of that road's operation would ruin Grand Trunk Pacific credit. These statements elicited strong arguments from Mr. Pitblado, counsel for the Winnipeg board of trade, and from Mr. M. K. Cowan, counsel for the Saskatchewan and Alberta governments. Mr. James Walsh, on behalf of the Canadian Manufacturers' Association, cooled the jingling armor of the combatants by submitting a very reasonable demand for the readjustment of freight rates.

There are strong arguments for leaving freight rates, generally speaking, as they are. These might have been used without the figures submitted by Mr. Phippen, with his admonitory "Hush!" The railroads of Canada generally are in the process of building. Evidence submitted at several sessions of the inquiry tended to show that the Canadian Pacific is the only one which can be regarded as a standard road. Even that road has before it large expenditures on extensions and improvements. The Grand Trunk Pacific and the Canadian Northern, as transcontinental are about to begin their careers. Mr. Lafleur properly suggested that it was injudicious to interfere at this critical stage. On the other hand, he admitted that the Grand Trunk Pacific was to a large degree a creature of the Dominion Government, as the route followed had been imposed by the government. We think, therefore, that the government can scarcely afford to allow Grand Trunk credit to be "paralyzed completely," as suggested by Mr. Lafleur. With our railroads still in the formative process as big systems, it is obvious that railroad balance sheets will not look as healthy as they should do some years hence. It is equally plain hat a reduction in rates will not help matters in that direction, but the citation of figures by Mr. Phippen does not assist railroad credit.

Of recent utterances on this question that of Mr. A. W. Smithers, chairman of the Grand Trunk Railway System, is by far the most reasonable. Mr. Smithers said in part: "All over the world the railways are asked for more service and more accommodation for the same or less money. That the cities, with their manufactories, and the country, with its agriculture, could not exist, as at present without the railways—in fact, would not have existed on anything like the present scale but for the railways—never seems to enter anyone's head. To hear public men and the general public talk all over the world one would think the railway companies consisted of unscrupulous capitalists, rolling in wealth, whereas they are composed of investors who have invested their hard-earned savings in these undertakings—the return for which, throughout the world, does not, I suppose, average 4 per cent.

"I fully realize railways must be under control and must conform to the law, and that the many and intricate questions relating to them must be argued before special Courts or Commissions, but I most respectfully ask that more consideration should be given to what the railways can really afford. Before petitions to lower rates and raise wages are granted, before extra service, extra equipment and extra facilities are ordered, let the commercial aspect be considered, and I ask this as much in the public interest as in the interest of the railways, for nothing can be better for the railways, or for the public, than that the railways shall be in such a financial position as to be able to satisfy all the reasonable demands of its customers. Our first consideration is, and always must be, the safety of the travelling public, and it is our desire to do all that is possible to ensure safety; but, remember, the public are always demanding more speed, more trains, and fewer stops, and every such demand must make it more difficult to ensure perfect safety, and must cost the railway more money.

"Compare the luxury and speed and frequency with which we travel by sea and land to-day with the way our fathers travelled, and the rates charged to-day are lower on the average than they were then; yet the demand for more service and more luxury never ceases. In every other business a better article justifies a better price, and if the railways are to continue to put in new and expensive appliances, to increase the safety of the public, to run more trains, and to meet the ever-increasing demands of their employees for higher wages and shorter hours, and of the public for increased facilities, an increase of rates must be given to enable the railway companies to find the capital to meet such demands. The necessity of higher rates is so urgent, and the demand is so just, that I cannot believe the people of Canada and America will long resist it."

Western Canada also has a just call. Its growth obviously will be crippled if unfair freight rates prevail. The Dominion Railway Commission now has the herculean task of digesting the facts, figures and arguments submitted in favor of the railroads leaving the rates where they are, and those in favor of western Canada obtaining a rate reduction. It has also the delicate task, later of adjusting, fairly to both interests, freight rates in western Canada. Mr. James Walsh, representing the Canadian Manufacturers' Association, seems to have placed the matter in a nutshell, saying:—

"We would be glad if your Board, having due regard to all the circumstances, and considering carefully the interests of all concerned, would readjust rates in a way that would conserve and promote the welfare of the western producer, and carry that readjustment just as far as it would seem practicable to carry it, consistent with the axiom that bona fide capital investment must always be afforded a reasonable return."

That is the problem with which the Dominion railway commission has to deal. *The Monetary Times* feels confident that the Commissioners will find a just solution.

COST OF LIVING DRAGON

The Ontario government is making a good move by adding to its department of agriculture a new branch, which will devote its energies to promoting co-operation and scientific marketing. Those who have given even a superficial glance at conditions in the rural districts and in the cities, concerning the growth of agricultural produce and its sale to the consumer, know that there is something radically wrong. The difference in the price received by the producer and paid by the consumer is large, and no one yet has satisfactorily accounted for it. The farmer gets too little, the consumer pays too much. Between them are a number of agencies, such as labor, middlemen, transportation. Somewhere on the journey from the soil to the table, loose marketing allows someone to extend unduly the price gap.

Mr. F. C. Hart, B.S.A., has been appointed director of the new Ontario department. We are told by the party press that the provincial government will throw its support into the fight against the high cost of living dragon. The trouble in the past with other dragon slayers has been that they have dropped their spears, ceased beating tin pans and taken to their heels as soon as the dragon roared. Mr. Hart has an excellent opportunity to help solve a problem which has remained with us too long. The proper solution should provide the farmer with better marketing conditions, larger profits and the consumer with a cheaper meal table.