

cumstances in the United States, and that freight rates be raised in Canada as such rates have been raised in adjacent United States territory.

The Minister recommends, under the authority of the War Measures Act:— That the scale of wages of railway employes as fixed by the McAdoo award in U.S. territory, including any amendments or extensions thereof, be applied in Canadian territory, in so far as all lines of railway owned, operated or controlled by

the government, are concerned. That the wage scales of privately owned railways companies in Canada should be similarly advanced. That increases be made in the freight rates of all Canadian railway carriers, subject to the jurisdiction of Parliament, as have been made in the rates of U.S. carriers by the Interstate Commerce Commission, and under orders of the Director General of Railroad Administration of the U.S. That on the acceptance

by the Canadian Pacific, Grand Trunk, Canadian Northern and other railway companies of the said McAdoo schedule, the Board of Railway Commissioners be required to forthwith prepare a schedule of rates which will grant similar increases in railway freight rates in Canada to the increases already granted in U.S. territory, effective as of Aug. 1, 1918. The committee concur in the foregoing recommendation, and submit the same for approval.

## The Chief Railway Commissioner's Report Recommending Increases in Rates.

Following is the report made by Sir Henry Drayton on July 25, on which the order in council of July 27 was based:—

Under order in council 1768, the opinion is expressed that, in view of the increased cost of living, the wages in Canadian territory should be increased as increased in United States territory by the award commonly known as the McAdoo award, as the same may from time to time be amended or extended, in so far as the Government railway systems are concerned; and that it is advisable, in the public interests, that the companies privately owned should make similar increases to their employes. The order definitely advances the scale of wages of railway employes, as fixed by the McAdoo award, for lines of railway owned, operated, or controlled by the government, and recommends that the wage scale of privately owned railway companies in Canada should be similarly advanced. The order further provides that should the privately owned railway companies adopt the McAdoo schedule, the Board of Railway Commissioners shall forthwith prepare a schedule of rates which will grant similar increases in railway freight rates in Canada to the increases already granted in U.S. territory, effective as of Aug. 1, 1918. The railway companies have notified their employes of their acceptance of the McAdoo scale. The effect of the order is to reimburse the companies for the additional increased cost to which they will be put by the adoption of the scale and in their railway operation. The advance is limited to freight rates, and is also limited to the advances already made in U.S. territory for the same purpose. The estimates of the increased costs filed by the Canadian Railway War Board show a total of \$50,616,226, in addition to which there are further claims to be settled by the McAdoo award, which, if settled adversely to the companies, might call for an additional \$19,930,000, making a possible outlay of \$70,546,260.

The McAdoo award is popularly supposed to increase freight rates 25%. In some instances, not amounting, however, to a great volume, the McAdoo award exceeds this percentage. In a large number of instances, owing to maximum advance limitations and to a flat rate increase, which, while advancing in a higher percentage the rate for the shorter mileages, holds down all longer movements, the increase of 25% is not obtained. The Railway Statistics for 1917 show the total freight earnings of all systems in Canada as amounting to \$215,245,256.49. This includes railways which are not under the Dominion Parliament's jurisdiction and whose increases are not mirrored in the companies' estimates. The difference, however, would not be very great. Assuming, however, that the whole amount represented earnings of companies under Dominion jurisdiction, and assuming, further, that the increases under the McAdoo scale would net in gross the whole 25%, which they will not, the total amount of

the resultant increases under the McAdoo award would amount to \$53,811,314. These figures, however, cannot be accepted. On the one hand, the freight earnings in 1917 were very large—the volume may not prove representative—but, on the other hand, as rates have already been increased, the resultant gross revenues may well be much larger. As the board has not had the time necessary to compile statistics based on the newer rates, the U.S. increases, which were arrived at as necessary in U.S. territory after much investigation, are treated as those necessary, subject to the recommendation hereinafter made for rate reduction. The increases herein covered are those permitted under the order of the Director-General of the U.S. Railroad Administration, when the Canadian rate situation permits the adoption of the whole increase, and in other instances the extent that the increases may be adopted.

Different action has been taken in the U.S. in connection with the eastern and western territories. Different action has also been taken by the board. In order to arrive properly at a conclusion, the different increases already granted by the board in Canada in many instances will have to be deducted before the gross increases granted in the U.S. are given full effect. As the increases made by the board differ in eastern territory, as against the western territory, it is necessary that the matter be dealt with separately. Rate decisions increasing rates in eastern territory have been made from time to time in both jurisdictions. At a comparatively recent date the rates in eastern U.S. territory were increased by varying, but large, percentages. No such increase took place in Canada, but a general increase was made in Canada under the board's judgment in the 15% case. It is impossible at the moment to report the full effect of the increases in both countries for the past few years. In arriving at the net increase which ought to be given in Canada, in order to make similar increases to those made in the U.S., the board, therefore, has not considered any increase granted in either jurisdiction prior to the application of the so-called 15% case in both countries, justification for these applications being the increase of all costs, and, therefore, a proper point at which to commence.

**Territory East of Fort William—Class Rates.**—The Interstate Commerce Commission on June 29, 1917, granted a 15% increase in class rates in eastern U.S. territory. This board made a similar increase in class rates in eastern territory on Dec. 26, 1917. The order of the Director General of the U.S. Railroad Administration (for the sake of brevity, hereinafter called the "McAdoo order"), gives a direct increase of 25% in U.S. eastern class rates. As similar increases have been granted in both territories, in order to bring the final increase to a parity, an increase of 25% in Canadian territory ought to be made in the existing sched-

ules. A result of the McAdoo order is to create a direct advance in the minimum charge. As a result of this increase, all class rates are increased more than 25%, in so far as all movements up to 25 miles are concerned.

Sec. 1, ss. (d) of the McAdoo order reads: "After such increase, no rates shall be applied on any traffic moving under class rates lower than the amount in cents per 100 lb. for the respective classes as shown below for the several classifications."

Official Classification scale.					
1	2	3	4	5	6
25	21½	17	12½	9	7
cents per 100 lb.					

In order to carry the McAdoo increase into effect in Canada, while it will be necessary to repeat its provision as to minima, the proper first class minimum rate in Canadian territory is 24c, rather than 25c, having regard to the Canadian rate scale. This is practically the same increase.

In addition to the percentage increase, the McAdoo order provides that the minimum charge on less than carload shipments shall be that provided in the classification governing, but in no case less than 50c. The minimum charge in Canada is in no case less than 35c. The increase involved, therefore, is 15c.

**Commodity Rates.**—Rates on coal were increased by the board's order of Dec. 26, 1917, by 15c a ton flat. Similar increases were since granted by the Interstate Commerce Commission. The increases, however, were not put generally into effect as in Canadian eastern territory. The McAdoo order, however, reads:—

"Where rates have not been increased since June 1, 1917, the increase to be made now shall be determined by first adding to the present rate 15c a ton, net or gross as rated, or if an increase of less than 15c a ton, net or gross as rated, has been made since that date, then by first adding to the present rate the difference between the amount of that increase and 15c a ton, net or gross as rated; and to the rates so constructed the above increases shall now be added."

As a result, the increases granted under the McAdoo order for the coal traffic are increases calculated either on a previous 15c advance, or else upon a 15c advance made necessary and justified by the order itself. The conditions are, therefore, similar in the two territories. In order to give the railways in Canada similar increases as in the U.S., it will be necessary to adopt the section of the McAdoo order giving the coal schedules, reading as follows:—

"Where rate is 0 to 49c a ton, 15c a net ton of 2,000 lb.  
 "Where rate is 50 to 99c a ton, 20c a net ton of 2,000 lb.  
 "Where rate is \$1 to \$1.99 a ton, 30c a net ton of 2,000 lb.  
 "Where rate is \$2 to \$2.99 a ton, 40c a net ton of 2,000 lb.  
 "Where rate is \$3 or higher a ton, 50c a net ton of 2,000 lb."

Coke stands in exactly the same position as coal in so far as increases in both countries are concerned. The increase in the McAdoo award, however, is higher than in the case of coal, the rates being advanced to the following scale:—