

DETAILS OF WORK DONE BY FUEL CONTROLLER

WAR TIME CONTROL AND CONSERVATION OF COAL

Final Report shows Organization of Fuel Control, Results Obtained, and how Exceedingly Difficult Situation caused by War was dealt with

The final report of the Fuel Controller, just tabled in the House of Commons, is divided into two parts, the first part dealing with the fuel situation in Canada during the war; "the second attempting to forecast fuel conditions of the future, with particular reference to means of promoting the conservation of coal," as stated in the report.

When the production of coal in the allied world fell off from 1,012,700,614 tons in 1913, in the United States, Great Britain, France, Russia, Belgium, and Canada, to 897,197,136 tons in 1915, in the same countries, owing to war demands and loss of manpower through miners joining the armies, fuel controllers were appointed in allied countries to regulate supply and prices, as far as possible, and on June 11, 1917, Mr. C. A. Magrath was appointed to that position by the Canadian Government. His principal responsibilities were outlined by Order in Council, dated July 12, 1917, as follows, according to the report:—

1. To examine into the coal situation in Canada:—

(a) As to the probable demand for consumption therein for the coming season.

(b) As to the output of Canadian coal that can be relied upon towards meeting those demands and what, if any, measures can be adopted to increase this output.

(c) As to the sources outside of Canada from which the deficiency can be provided, and the possibility of obtaining the necessary amount.

(d) As to the possibility of providing sufficient transport for the carriage of both Canadian and foreign coal from the points of production to the distributing points.

(e) As to the possibility of early and continuous co-operation between producers, carriers, and consumers, with a view to economize and facilitating the needed supply.

2. That in the course of and in connection with such investigations the Fuel Controller be authorized to confer with and co-ordinate the different interests, with a view to insuring, as far as possible, a sufficient supply of coal for Canada's requirements during the approaching autumn and winter seasons, and from time to time to report and recommend to the Government ways and means for effecting the same.

3. That the Fuel Controller be authorized to make regulations, subject to the approval of the Governor in Council, governing the price of coal, wood, and gas, and the production, distribution, sale, delivery, consumption, and use thereof.

CONTROL PROBLEMS.

The Fuel Controller, in the report, outlines thus the questions with which he had to deal:—

The question of meeting the local coal requirements of individual householders in each community from Halifax to Vancouver was a tremendous problem which had to be faced. Not only did the conditions in each province differ, but there were also many local variations to be taken into account, such, for instance, as increase in population at certain points due to the establishment of war industries. The necessity of choosing between two alternatives in

the creation of an organization, therefore, presented itself. Either an emergency administration, reaching from the Atlantic to the Pacific and entailing tremendous cost as well as involving loss of considerable valuable time, had to be established, or some of the responsibilities for looking after the local fuel requirements of their own people had to be thrown upon the already existing provincial and municipal machinery. The latter course was considered far more economical and efficient as well as time-saving, and was, consequently, adopted.

The organization of the Dominion for fuel control is detailed in the report as follows:—

PROVINCIAL AND MUNICIPAL ORGANIZATION.

In accordance with the general policy already indicated, the Premiers of the respective provinces were asked in the early summer of 1917 to nominate representatives who would co-operate with the Fuel Controller in carrying out the various phases of fuel control. The following gentlemen (honorary representatives of the fuel controller in their respective provinces) continued in office until conditions made it imperative, as the war advanced, for a more complete organization extending down into each municipality:—

J. A. Macdonald for Prince Edward Island.

Hon. R. G. Beazley for Nova Scotia.
Dr. James H. Frink for New Brunswick.

Hon. Alphonse Racine for Quebec.
R. C. Harris for Ontario.

George W. Allan, K.C., for Manitoba.
J. B. Musselman for Saskatchewan.

John T. Stirling for Alberta.
Nichol Thompson for British Columbia.

Mr. Allan retired when elected to the House of Commons for South Winnipeg. With the creation of provincial and municipal machinery under the amended regulations effective April 1, 1918, the following gentlemen were appointed by their respective Provincial Governments as Fuel Administrators, namely:—

J. A. Macdonald for Prince Edward Island.

R. H. MacKay for Nova Scotia.
Dr. James H. Frink for New Brunswick.

Hon. Alphonse Racine for Quebec.
R. C. Harris for Ontario.

Thos. R. Deacon for Manitoba.
T. M. Molloy for Saskatchewan.

John T. Stirling for Alberta.
Nichol Thompson for British Columbia.

Subsequently, certain changes were made in this personnel, so that at the present writing, H. M. Marler holds the office in Quebec (having succeeded the late Mr. Racine); R. Home Smith and his assistant, E. L. Cousins, in Ontario; and J. A. Macdonald in Manitoba.

Space forbids extending the list to include the names of the vast number of municipal or local Fuel Commissioners scattered throughout the country.

The Provincial Fuel Administrators, with the organizations which they built up, assisted by the Fuel Commissioners, assumed the responsibility of the distribution of the tonnages allotted to their respective provinces. Acting in close co-operation with the federal organization, they have also been instrumental in controlling prices. Another important feature of their work consisted in the development of a demand for coal substitutes, such as wood and coke, as well as encouraging, wherever possible, the use of bituminous coal in place of anthracite for domestic purposes. In those provinces in which coal deposits occur, it was the additional duty of the Fuel Administrators to stimulate production. In general, the administrators throughout the Dominion were charged not only with the responsibility of acting as advisors to the Fuel Controller in all matters pertaining to the fuel supply of their respective provinces, but also to enforce his regulations, as they were promulgated from time to time. Whatever measure of success may be attributed to the Fuel Control organization, it should be largely ascribed to the loyal support and co-operation of all those outside officers connected with the work, and especially to that of the Provincial Fuel Administrators.

In addition to the provincial organizations, which were financed by the provinces, the coal regulations called for the appointment of local Fuel Commissioners in each municipality, who were to be appointed by the municipal authorities concerned, and the expense incurred was to be borne by them. Speaking broadly, the task of these commissioners was to develop team work among the various dealers in their municipality, and, in periods of coal stringency, to prevent panic among consumers. To this end they were empowered, when necessity demanded, to pool the stocks of all dealers, and ration consumers, generally basing their action upon a daily report system by the dealers as well as a card index system of deliveries to consumers. In short, the fuel commissioner's office became a clearing-house for the municipality's coal requirements. Dealer's delivery equipment was fully mobilized, and the possibility of duplicate orders being placed by over-anxious consumers was eliminated. In many cases, municipalities made arrangements to supplement the threatened shortage of coal by encouraging, directly or indirectly, the cutting and stocking of wood.

HOW PRICES WERE CONTROLLED.

The report gives an account of price regulation and licensing of dealers, as quoted:—

In September, 1917, the Fuel Controller issued, through the press a warning to coal dealers as to methods they should pursue, and then made the following statement:—

"My policy as Fuel Controller has been to interfere as little as possible with the business of the coal dealers, beyond encouraging them in every way possible to get in a sufficient quantity of coal to meet the needs of their particular localities. I am confident that most of them are as fully alive

as the rest of us to the duty of mutual helpfulness in these abnormal times, and have no thought of charging prices that will yield more than a fair profit.

"I wish to appeal, however, particularly to the dealers in our towns and cities, where large quantities of coal are handled in small lots, to deal in a generous manner with the small users of coal, and add as little as possible to the heavy burdens they are now carrying.

"I expect our fuel dealers to put me in a position—without my having to force the issue—to say to the public, after this abnormal situation passes away, that no section of our business organization met their responsibilities in a more generous and patriotic spirit than those engaged in looking after their country's fuel supplies."

As might be anticipated from the nature of the situation, the price of coal showed an upward tendency during the period of the war. This was due principally to increases in the cost of labour and materials, higher freight rates, and general overhead expenses. In many instances reduced output due to enlistments also accounted for part of the increased costs. Moreover, it was impossible to fix a definite price to consumers on either anthracite or bituminous coal, owing in the first place to the wide variation in the prices at the mines, whether American or Canadian; secondly, to the many different routes over which this coal might be moved, whether by rail or water; thirdly, to the variety of trade channels it might follow; and, lastly, to the widely varying conditions in different localities with respect to handling and delivery. The principle finally adopted in regulating prices was that of allowing to dealers a reasonable profit above the actual cost of the coal together with handling, overhead expenses, and fixed charges, the amount set as a limit to this profit being, in the case of wholesalers, 35 cents per net ton, and in the case of retailers, 50 cents per net ton. Brokers, on the other hand, were allowed a straight commission charge of 30 cents per net ton, out of which all overhead and other expenses were to be defrayed. As previously indicated, the operators' prices were fixed at the mines.

Investigation subsequently made led the Fuel Controller to believe that dealers throughout the country were figuring from widely divergent premises, with respect to their costs of operation. In order, therefore, more clearly to define the basis on which such calculations were to be made, an amendment to the regulations was found necessary, indicating those items which would be regarded as legitimate, and giving specific rulings on what could, or could not, be included under the heading of "handling," "overhead" and "fixed" charges. Detailed information was thereafter called for monthly on standard forms, enabling the Cost Investigation Branch to assist dealers in establishing a fair and reasonable selling price. At a number of points it was found necessary to fix formally a "maximum gross margin" to be used in arriving at dealers' selling prices, which gross margin was the dif-

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TABLE FROM FINAL REPORT OF FUEL CONTROLLER SHOWING COAL PRODUCTION IN CANADA, BY PROVINCES DURING PAST NINE YEARS IN NET TONS.

Province.	1910	1911	1912	1913	1914	1915	1916	1917	1918
Nova Scotia.....	6,431,142	7,004,420	7,783,888	7,980,073	7,370,924	7,463,370	6,912,140	6,327,091	5,852,802
New Brunswick.....	55,455	55,781	44,780	70,311	98,049	127,391	143,540	189,095	267,746
Saskatchewan.....	181,156	206,779	225,342	212,897	232,299	240,107	281,300	355,455	345,310
Alberta.....	2,894,469	1,511,036	3,240,577	4,014,755	3,683,015	3,360,818	4,559,054	4,736,368	5,941,864
British Columbia.....	3,330,745	2,542,532	3,208,997	2,714,420	2,239,799	2,065,613	2,584,061	2,433,888	2,568,591
Yukon.....	16,185	2,840	9,245	19,722	13,443	9,724	3,300	4,872	2,900
Total.....	12,909,152	11,323,388	14,512,829	15,012,178	13,637,529	13,267,023	14,483,395	14,046,759	14,979,213