Decision re Ex-Lake Grain Rates.

Following is a copy of a letter addressed to the Board of Railway Commissioners by the American Cereal Co., dated at Chicago, Ill., April 25:—"This company has mills in Peterborough, Ont., largely used for the manufacture of cereal products for export. In selling to the foreign trade, we have to meet the competition of mills located at the American seaboard, said mills being able to secure supplies of what is known as ex-lake grain on the basis of either lake and canal or lake and rail freight rates. For example, freight rates on export grain from Georgian Bay ports to Montreal during the past season of navigation, as we have learned, ranged from 2½ to 4c. per bush. of 60 lbs., being equal to 4.166c. and 6.666c. per 100 lbs.; whereas, the rate charged us on ex-lake grain milled in Peterborough was 3c. per 100 lbs. Midland to Peterborough, and 9½c. per 100 lbs. Midland to Montreal, making the rate paid by us 12½c. per 100 lbs.

"In addition to this, we have to meet the competition of mills in Liverpool and other foreign seaports, which are able to secure a supply of Canadian grain at an ocean rate, averaging from 2 to 5c. per 100 lbs. lower on the grain than on the manufactured product. To overcome the latter, Canadian mills have a prior selection of the grain, and are able to deliver at any foreign seaport; whereas, the foreign mills, on account of their high inland freight rates, are practically confined to their own markets.

"This company has already taken up the inland discrimination mentioned with the management of both the G.T. and C. P. Railways, which have declined to put the product rate for export on the same basis as the grain, stating that they are able to carry ex-lake grain in trainloads from Georgian Bay to Montreal at a lower cost than they can afford to make on grain milled in Ontario. This, to a considerable extent, may apply on grain milled by small country mills, but in our judgment does not apply to the cereal products turned out by this company in Peterborough. For instance, the country mills ship the product in sacks, not materially increasing the weight; whereas we, in the case of oat products, ship over two-thirds of the output in cases, each case containing thirty-six 2 lb. packages, making 72 lbs., the pulp-board, wrappers and case aggregating 18 lbs. per case. This means that the railways collect freight on said 18 lbs. of material manufactured in Canada and brought in by the roads from different parts of the country. In other words, the railroads collect freight on 18 lbs. in and 18 lbs. out, in addition to the 72 lbs. of grain or product, while on the product shipped in sacks they would only collect freight on the 72 lbs. In addition to this, it requires about ten times the help to put the output into packages that it does to put same into barrels or sacks.

"To substantiate our position, we are ready to submit published railway tariffs, showing you that competition now forces the Canadian roads to carry cereal products manufactured in the U.S. through Canada, for export, at rates netting them as little per ton per mile as the ex-lake rates mentioned. In addition to this, if an opportunity is given us, we believe we can satisfy the Commissioners that it is clearly to the interests of the railways and the country that all the cereals possible be manufactured in Canada instead of in foreign countries.

"What we ask for is that the Railway Commissioners establish a basis of rates on ex-lake grain, originating in Chicago, Milwaukee, Duluth, Ft. William, or Pt. Arthur, by way of the Georgian Bay, to be milled in Peterborough, for shipment via the ports of Montreal, Portland, Boston, or West St. John, that will not exceed the grain rate.

"Our Treasurer, Mr. Stuart, and Mr Richards, our Traffic Manager, will be pleased to meet your Commission, and representatives of the roads at the earliest date you may be able to name, prepared to go into this matter in detail."

On Sept. 6, the Secretary of the Board of Railway Commissioners wrote the American Cereal Co. that the Board had considered the application and was of opinion that no change should be directed to be made except such as would be involved by the reduction in export rates recently directed by the Board, as published on page 456 of this issue.

The Alleged Vessel-Owners' Combine.

A. A. Wright, of Toronto, Manager of the str. Tadousac, said, in an interview in the Toronto Globe, Sept. 27:—"I notice a press report from Winnipeg expressing shippers' dissatisfaction over alleged combine of vessel-owners. I take exception to the expression, as the term is incorrect. The only agreement is one not to carry below reasonable cost of transportation, considering the season of the year and the delay boats get in loading and unloading. The shippers forced the vesselmen to this to save them from bankruptcy, as in addition to the low rates, shippers insist on vessels loading at as many elevators as a shipper has grain in, regardless of what it costs the vessel. And, as if that was not enough, insist, further, on the captain signing what is known among vesselmen as the cut-throat bill of lading, in which the vessel guarantees to pay for any shortage the unloading elevator may make on cargo, which in several cases lately has come to more than the freight, and in other cases left the steamer $300 or $400 for a trip which may have cost the vessel-owner $1,500. Some vessel companies have not paid a cent in dividends in four years, largely owing to the low rates and great delays, and if despatch does not improve shippers will pay very much higher rates this fall than those in question. Some shippers are now offering Canadian vessels from ½c. to ¾c. per bushel less than they are now chartering U.S. vessels for. It is still taking from 36 to 48 hours to load boats of from 80,000 to 100,000 bush. capacity, though this should be done in 6 to 10 hours, and Canadians have sufficient boats to take care of all the grain the elevators at Fort William and Port Arthur will load this fall if they would give the vessels the despatch they are entitled to at each end ot the route."

Grand Trunk Pacific Ry.—Dr. J. Alex. Hutchison, Chief Medical Officer of the G.T.R. has also been appointed Chief Medical Officer of the G.T.P.R.

Reid Newfoundland Co.—W. E. Hamilton has been appointed General Passenger Agent of this Company's Railway and Steamship System, with office at St. John's, vice H. A. Morine.

R. P. Inglis, of Montreal, the promotor of the Edmonton Street Ry. and of the Shippers' Cartage Co., Ltd., has gone to Australia for some months.

The Westinghouse Air Brake Co's. surplus for the last fiscal year amounted to $760,564 after paying dividends, against a deficit of $79,740 in 1903-4.

The G.T.R. has offered to contribute $4,500 towards the erection of a building at Allandale, Ont., for the Y.M.C.A., to which a large number of the G.T.R. employes belong, and to contribute $90 a month towards its maintenance. In order to provide a suitable building public subscriptions to an equal amount are asked.

SHE—Why are all vessels spoken of as she? Is it because they glide so gracefully?

HE—No. It's because their rigging costs so much.

American Locomotive Company.

The report covering the operation of the various works for the year ended June 30, states that the gross earnings were $24,150,-201.06, a decrease of $8,918,549.50 from those of the year previous. The earnings include the revenue from new work, and also to an increased extent, the overhauling of old locomotives, and sundry other items of income. The expenses were $19,-796,533.49, a decrease of $7,608,451.91. In making up the expenses, the principles of previous years have been followed, namely, to include the direct manufacturing cost —both labor and material—and all indirect charges against production. The expenses also include the usual depreciation charge of 20% of the book value of patterns, drawings and templets, iron flasks, formers and dies, and the customary adjustment of stock material values. There have been deducted from the resulting net earnings the interest on the bonds of constituent companies, the interest on miscellaneous outstanding obligations, and the usual 7% dividend on preferred stock. It also seemed wise to the directors to charge against income $1,883,556.96, representing the cost to the company of its permanent investment in the works at Montreal. The result is a surplus of $607,924.26, which has been carried to the credit of profit and loss account. During the year the policy of improvements and re-construction of shops and machinery has been continued, a further reduction in manufacturing cost being one of the satisfactory results. There have been additions to the property of $466,-952.48 and betterments costing $131,251.14, all of which have been charged against the extraordinary improvement and betterment fund of $1,000,000 created June 30, 1904, leaving a balance of $401,796.38 which will be used for similar additions and betterments during the new fiscal year. In considering the large decrease in operations as compared with previous results, the stockholders should bear in mind that the depression in general business throughout the country began in the fall of 1903 and lasted until a corresponding period in 1904. During this depression very little new business originated among the iron and steel producing and manufacturing companies, which worked chiefly on orders received prior to Oct. 1, 1903. This condition applied with particular force to the manufacturers of railway rolling stock; although having so large a number of contracts on the books, the shops were kept busy on existing orders during the first nine months of the previous fiscal year, viz., 1903-4, and the effect of the absence of new orders was not apparent in the last annual report. As a matter of fact the output for 1903-4 was based almost entirely on the heavy orders received in 1902-03; and the lack of corresponding new orders in 1903-04 is the direct cause of the large decrease in the fiscal year which has just closed. It was because such an outcome was clearly in sight that the directors inserted a precautionary note in the last annual report.

The board is pleased to announce that the company has passed through this trying period of severe business contraction without in the least jeopardizing the dividend on its preferred stock, and since the resumption of business prosperity, it has secured its full share of orders for new locomotives. The company has completed four years of existence, each of which has varied greatly from the others—not only from the standpoint of the general condition of business, but in respect of the company's preparation to handle its product most economically; and the financial results, under such widely