

Rate Increases for Railways in the Dominion

Approximately 15 P.C. in East and 10 P.C. in West.

Fifteen Cents a Ton on Coal.

Judgment on the application of the railways for an increase in freight rates to meet the increase in cost of fuel, material, equipment and labor was given by the Railway Commissioners at Ottawa on Wednesday, Dec. 26. Freight rates in general are permitted to be increased approximately ten per cent. in the West and fifteen per cent. in the East. With a view to lessening the disturbance as between the territories now established of western distributing centres and having also in mind the increase in the all rail rates already allowed, a ten per cent. increase west of Port Arthur, and a fifteen per cent. increase on the eastern balance of the through rates is permitted. On coal the increase is fifteen cents a ton and five cents per ton on clay, sand, gravel and crushed stone. On grain to Lake Superior ports an increase of two cents per hundred pounds is allowed, and on grain and grain products in the West other than for movement to Fort William and also on movement east of Fort William an increase of fifteen per cent. subject to the maximum of 2 cents per hundred pounds is permitted. There are also increases permitted on existing lumber rates both East and West and between points in Eastern Canada fifteen per cent. increase, which is a maximum of three cents. An increase in passenger rates of 15 per cent. is allowed, except in British Columbia, where the existing rate is now considerably higher than in other parts of Canada.

In permitting this increase, the Railway Commissioners maintain that "no greater profits will be obtained under the new schedule than in the past." It is stated that the increases will not equal the increase in cost of operation. The increase in cost of operation is due chiefly to wage increases and the present prices of coal, steel material and railway supplies, and these increases are not due to any fault of the railways.

Last year the Canadian Northern Railway Company made application on behalf of itself and all other railways in Canada that action be taken under the War Measures Act for a general advance in freight and passenger rates. Applications afterwards, largely similar in form, were made by all the other railway corporations, including the C.P.R. and Grand Trunk and Grand Trunk Pacific. The basis of the application was the necessity of efficiency in transportation facilities and that under the present revenues such efficiency could not be secured.

Public hearings were held by the Board in June at Victoria, Vancouver, Toronto, Nelson, Calgary, Edmonton, Saskatoon, Regina, Winnipeg, Fort William, Toronto and Montreal. Many of the trade associations admitted the necessity of increase in freight rates, others were willing to abide by the decision of the Railway Board, but the Vancouver Board of Trade, Kitchener Board of Trade, the United Farmers of Ontario, Winnipeg Board of Trade, Grain Growers' Association and Manitoba Government were decidedly opposed to the proposed increases. Many favored the increases when it was stated that they were for the war only. Those that objected did so on the ground that they were not required by the C. P. R., and therefore the Government should assist the other roads and keep the rates of the present basis. The authority of the Railway Board was also questioned, but the Commissioners maintained that under the War Measures Act they were empowered to deal with this question. It was also pointed out by the Railway Commission that the Interstate Commerce Board had granted a general increase in freight rates to the American railroads last June.

No mention is made in the decision of the date on which the increased rates will come into effect. This is because the railways will have to file new tariffs, based upon the decision, and these must receive the approval of the board. It is quite probable that several weeks will elapse before the higher scale of freight and passenger rates come into force.

A summary of the judgment reads as follows:

"Subject to the limitations of the Crow's Nest Pass agreement, and to the specific limitations contained in the judgment, freight rates are permitted to be increased; in general, approximately ten per cent. in the West, and fifteen per cent. in the East.

"While the Grand Trunk Pacific and the Canadian Northern Railways are not included in this agreement, they are to be treated as if included.

"With a view to lessening the disturbances as between the territories now established of Western distributing centres, and having also in mind the increase in the all-rail rate already allowed, a fifteen per cent. increase west of Port Arthur, and a ten per cent. increase on the eastern balance of the through rate, is permitted, but again subject to the limitations worked by the Crow's Nest Pass agreement.

"On coal, an increase of fifteen cents per ton is allowed, it being considered that this will bear less harmfully on the consumer than a percentage increase. In the Western hearings the evidence was that a flat increase was preferable to the percentage increase asked for by the railways.

"An increase of five cents per ton is permitted on clay, sand, gravel and crushed stone.

"On grain to Lake Superior ports an increase of two cents per hundred pounds is allowed; this is approximately ten per cent.

"Grain and grain products, etc., in the West, other than for movement to Fort William, and also on the movement of these from Fort William east, are permitted an increase of 15 per cent. subject to a maximum of two cents per hundred pounds.

"The existing lumber rate basis in the West has been built up by agreement between the mills and the railways, the important matter being the extent of the rate differences between different groups of producers. A percentage arrangement would create disparities. From British Columbia mills to the different groups, increases of from three to five cents, according to distance, are allowed. From northern Alberta and Saskatchewan spruce districts, 15 per cent., with a maximum of three to four cents, according to distance. From British Columbia to eastern Canada 10 per cent. From Lake of the Woods and Rainy River, three to four cents, according to distance. From Port Arthur west three to five cents, according to distance. Between points in eastern Canada a 15 per cent. increase, which works out a maximum of three cents.

"Trans-continental class rates may be increased 10 per cent. No increase allowed in trans-continental commodity rates.

"In British Columbia, an increase of 10 per cent. on freight rates is allowed; no rates to be lower than the prairie rates as increased."

"Railway tolls incidental to transportation, switching, demurrage, reconsignment, sleeping or parlor car accommodation, weighing refrigeration heating car diversion or other special service are not allowed any increase.

"No increase in passenger rates is allowed in British Columbia. A 15 per cent. increase is allowed in the territory where the maximum rate is three cents. It is at the same time pointed out that it is in the public interest with a view to conserving coal, railway facilities and man-power that passenger travel should be as light as possible, so as to facilitate efficient freight movement.

NO GREATER PROFITS.

"It is set out that no greater profits will be obtained by the railways under the new rate schedule than in the past. The increased rates allowed will certainly not equal the increase in costs, to which the railways are subject. These increased costs are not in any way attributable to the railway management. They are very largely represented in wage increases, which have had the approval of the public at large. Public bodies and public sympathy have been with the men in the increases which they have obtained. No objection whatever has been made by any contestant on the ground that the railways have improvidently increased wages. The other items of cost increases are chiefly the result of to-day's prices of coal, steel material, and railway supplies. The railways suffer in this regard in common with other users of these necessities. The increased cost can certainly not be said to be the railway's fault.

"While there was difference of opinion among trade organizations, a considerable number held that reasonable increases within the discretion of the board were justifiable.

"As to the representations made regarding aid by loans, as well as change in ownership, the board has no right to express an opinion, as its powers are concerned with rate matters.

"Canadian Northern figures show a steadily declining net revenue. In September, 1917, the net

revenue was 41 per cent. less than in 1916. October, with 6 per cent. increase in gross, shows 51 per cent. decrease in net; maintenance charges have been cut down with a view to economy. As a result efficiency has decreased, and accumulated maintenance charges will have to be met later. At the same time, costs of labor, coal and materials have been increasing. In September the net of the Canadian Pacific decreased 23.3 per cent. In ten months, ending October, 1917, the gross revenue of the Grand Trunk increased 11 per cent., while expenses increased 22 per cent. In October gross increased less than 2 per cent., while net earnings decreased 40 per cent.

"It is found that there can be no question, in view of the actual results, that the railways require greater revenues, and must have them if proper efficiency is to be maintained, and the demands of the country for transportation at all adequately met."

STEEL SCHEDULE TO BE EXTENDED.

(New York Iron Age.)

In the closing days of 1917 the steel trade has the satisfaction of knowing that it will enter the New Year free from the fear that present price schedules may be overturned. The War Industries Board, after a conference on Saturday with the Federal Trade Commission, has recommended to the President the indefinite extension after January 1 of the prices promulgated late in September and those built upon them in the past three months.

It is expected that the President will issue a proclamation shortly extending the operation of the present schedule. Whether a definite period will be named remains to be seen, but it is believed that some readjustments will come within the next ninety days.

Recent rumors of a settlement in a part of the Federal Trade Commission in favor of some reduction in pig iron led to a meeting of merchant producers in New York December 20, at which a committee was appointed to present the case of the smaller furnaces. It was urged that a reduction in price would cause some of them to close down and only aggravate the existing famine in pig iron.

The Manufacturers' Committee on Steel and Steel Products made an important announcement of additional prices this week, putting forging ingots at \$73 per ton, splice bars and tie-plates at 3.25 cents per pound, rail steel bars at 3 cents, steel spokes at 3.90 cents, iron spikes at 4.50 cents, track bolts at 4.90 cents, and cut nails at \$4 per keg, and fixing schedules on steel castings and cast-iron pipe. Some of the above products had been gradually adjusting themselves to the new market basis, so that the formal announcement means no abrupt change. On cast-iron pipe the official \$49, Birmingham, and \$55.35, New York, for six-inch pipe, are but fractionally below the recent market.

"The committee's action on old material is an attempt to cope with one of the most difficult problems in the trade. In view of the developments that, with a fixed price, railroads and other sellers would deal with consumers direct in order to get the maximum, the committee recommends a commission of not to exceed 2½ per cent. to recognized scrap dealers or brokers. Various forms of scrap not regulated heretofore are added to the official list.

The precedent of a quiet holiday week in pig iron is broken, as the real effect of the fuel shortage is brought home to consumers. Steel production has been kept up this year by drawing on pig iron stocks. Now that these are gone, there is a scramble for iron that would by this time have sent prices skyward but for Government regulation. It is estimated that central western steel companies would now be buying fully 250,000 tons of basic iron to make up their shortages, if it could be had.

In the past week the steel plants of the Steel Corporation at Pittsburgh and in the two valleys made about an 85 per cent. output. Independent companies ran at from 50 to 75 per cent. of capacity. As an offset to the coke and coal shortage, some plants at Pittsburgh and Youngstown will be idle all of this week for repairs and stocktaking. Chicago reports the fuel situation unrelieved and causing much anxiety.

NO USE.

(From the Tattler.)

He was quite the "black sheep" of the regiment, and was up before his commanding officer for breach of discipline for about the fiftieth time. The Colonel glared at him fiercely. "Didn't I tell you the last time you were up in the orderly room," he said, "that I never wanted to see you again?" "That's quite right, sir," answered the culprit, "but the bloomin' sergeant wouldn't believe it."