

## "SEMI-CONFISCATION," SAYS SMITHERS

In a statement issued by Mr. A. W. Smithers, chairman of the board, Grand Trunk Railway system, he deals at length with the conclusions arrived at by the majority report of the Railway Commission. After pointing to the fact that the Grand Trunk Railway was commenced in 1853, and built by British labor, British engineers and British capital, at a time when, as the pioneer railroad of Canada, great obstacles had to be overcome, Mr. Smithers refers to the improvements carried out in the construction of bridges, double tracking, improvement in equipment, etc. In the 65 years of the company's existence, it has never defaulted on its fixed charges. Reference is made to the fact that in June, 1915, in the midst of war alarms, the Grand Trunk was able, with the consent of the British treasury, to raise \$12,500,000 in five hours.

The increase in Grand Trunk capital raised in London since the present board came into office, amounts to nearly \$150,000,000, which was all raised at a little over 4 per cent. The Grand Trunk capital at present amounts in round figures to \$430,000,000.

Continuing, Mr. Smithers says: "Over this period of 65 years, during which the Grand Trunk Railway has been serving the ever-growing needs of Canada, the total assistance received from the government of Canada has been only \$28,000,000, of which about \$12,000,000 represents bonuses given by manufacturers to aid in the construction of lines subsequently acquired by the Grand Trunk, and of which this company really never got the benefit. This compares, according to the majority report of the commission, with \$347,000,000 received by the Canadian Pacific Railway in 35 years, of which amount \$119,000,000 represents the value estimated by the company of the lands still unsold, and \$298,000,000 received by the Canadian Northern Railway in 15 years, and \$114,000,000 received by the Grand Trunk Pacific Railway in 15 years."

Mr. Smithers details the history of the Grand Trunk Pacific and gives the causes which increased the cost of building the Grand Trunk Pacific far beyond the amount estimated when the acts of 1903 and 1906 were passed.

"The causes of the increase," Mr. Smithers says, "were obviously beyond the control of the company. This increased cost has brought both the Grand Trunk Pacific and Canadian Northern Railway into financial difficulties which have been aggravated by the effect on the money markets of the world of the terrible war now raging in Europe."

Continuing, Mr. Smithers says: "The majority report of the Royal Commission now proposes that the Canadian Northern should be taken over by the government and relieved of all its liabilities, but does not propose to apply the same method to the Grand Trunk Pacific, which has received far less assistance than any other road. The commission proposes that in consideration of the Grand Trunk Pacific being taken over by the government, the old Grand Trunk, as one of the parties to the construction of the Grand Trunk Pacific, should be surrendered to the government on terms amounting to the semi-confiscation of the rights of British stockholders. In other words, they suggest that the pioneer railway of Canada, which out of its own resources has rendered far more service to Canada than any other railway, should be the only railway to be treated in this unjust way, a way certainly unprecedented in the history of Canada. In addition to having carried the largest traffic in its history during the last year, the Grand Trunk, at the request of the government, has undertaken considerable orders for munitions, and the work has received high approval.

"Anyone reading the majority commission report will find, so far as the Grand Trunk is concerned, no reference to the fact that we are in the midst of the greatest war in history, that in consequence of the demands of that war, it has been impossible to obtain adequate supplies—coal, engines, rolling stock or rails, and that by common consent Canada has just passed through one of the severest winters in its history. The officials of the company are prepared to substantiate the fact that the congestion on the Grand Trunk Railway was less than on the American railways on the frontier, and on the other Canadian railways, and that notwithstanding the congestion, the company carried in that time the biggest traffic that it has ever carried.

"Locomotives have been ordered at prices varying from \$45,000 to \$50,000, or more than double the cost prevailing before the war, and freight and coal cars at even greater price," Mr. Smithers points out.

## LACK OF COAL TRANSPORT PARALYZES TRADE

A sidelight on Canada's coal problem was furnished by the federal trade commission of the United States in a recent report to Congress. The following are excerpts from the report: "In the anthracite industry coal has been traced from point of production to point of consumption. Weekly reports are required from producers and jobbers wherever needful, with the result that as regards domestic sizes high premium coal has largely been eliminated from the market, and speculation and inordinate profits have been cut in the wholesale trade in these sizes.

"During the first two months of the coal year—April and May—there has been an increase in the production of anthracite of 2,433,000 tons as compared with same months of 1916. This is an increase of 24 per cent., and should have been translated into a distinctly favorable condition of the market."

The commission finds, however, that coal miners are crushing up domestic sizes in the breaker to supply steam sizes, the price of which the commission has been unable to curb. "If this practice continues it will constitute another evil for the future of the domestic user," the commission declares. "The stores of anthracite which now should be accumulating against next winter for domestic use are being used for steam-making in the place of bituminous coal, in place of coke, and in the production of water gas, because such anthracite is easier to obtain and at favorable prices as compared with bituminous and coke," the report continues. "The present production of bituminous coal the country over is about 40 per cent. short of the possible maximum, and this limitation is solely charged as a primary cause to faulty rail transportation. The present demand for coal is unprecedented, but the mines now open are capable of filling this demand if adequate car supply is furnished.

"It is a fact that in the bituminous industry the capacity of the mine for production and the capacity of labor is limited absolutely by the supply from day to day of coal cars for the moving of the product. Thus, we have found that with the market at unheard of prices, labor is often standing idle at the mines, and production is limited as compared with the possible producing capacity. The commission believes there are enough coal cars in the country, but that there are not enough coal cars delivered at the mines, and that an inadequate supply having been delivered to the mines and loaded, these cars are not moved to the point of consumption either with the greatest expedition, nor are they promptly discharged upon their arrival at their destination.

"The commission has much testimony of the widespread abuse in the use of cars by speculators for the storage of coal for speculative purposes, and the coal cars are being used for the transportation of many other sorts of products.

"The commission believes that the coal industry is paralyzing the industries of the country, and that the coal industry itself is paralyzed by the failure of transportation. The coal problem cannot be worked out as long as the railroads are allowed to divide and allot traffic; to lay embargoes without regard to their immediate effect upon industry or the systematic distribution of coal; to give priority to the movement of high freight rate commodities, and to use the device of the 'long haul.' Whatever remedy may be applied, should be applied as immediately as possible, for time is passing, and no human power can supply the factor of time lost. Time is necessary to build up the stores of fuel at distant points, and that storage should begin without unnecessary loss of an hour.

"The serious aspect to the country at large is the immediate and intolerable hardship laid upon industry and transferred in large part to the public in increased prices, and the future hardship which will fall upon the domestic consumer next winter. It would seem that steady employment, fair compensation to labor and capital, equitable distribution, and stable prices could be secured by pooling all coal and coke production in the hands of the government. This would still be ineffective, either as to distribution or as to the promotion of a maximum of production, unless similar control extended over all means of transportation, both rail and water, and to meet this, the pooling of railroads and boat lines is clearly indicated. The railroads of the country, if operated as a unit and on a government account, could be used to transport coal and other products by the most direct route to the point of destination, and the efficiency of the roads themselves and of existing rolling stock and motive power would be vastly increased."