

Freight Rates Advanced by Order in Council.

The following semi official statement for the press was given out in Ottawa, July 25:—Acting on a report prepared by the Board of Railway Commissioners, an order in council has been passed increasing freight rates to an amount sufficient to meet the increased operating cost imposed on the railways by the new wage schedule. The increase will average about 20%. The freight rate increases are the direct outcome of the acceptance in Canada of the McAdoo award, which applies to both government railways and railways owned by private companies.

The railway companies, confronted with demands for increased wages, stated that they were willing to grant the increases allowed by Director-General McAdoo in dealing with the wages of railway employees in the U.S. They recognized the general similarity of operating conditions in Canada and the U.S., and admitted that in general wage scales of railway employees in this country were similar to those in force on the other side. The railway employees are taken in their daily work from one side of the line to the other, and the brotherhoods are identical in their scope. Recognizing these facts and conditions, the Dominion Government made effective in Canada the so-called McAdoo scale of wages. As a corollary the Canadian railways insisted that the McAdoo scale of freight rates, which were deemed necessary in order to carry the increased cost of railway operation in the U.S., should be adopted here.

The condition of the Canadian railways made this result all the more certain. The earnings of the Grand Trunk in 1916 of \$1,200,000 dropped in 1917 to such an extent that there were practically no net earnings, and no dividends on any of the preferred stock could be or were declared. There was also a drop in the first six months of this year in the C.P.R. net earnings of \$6,500,000 compared with the first six months of 1917. The deficit on the Canadian Northern was increasing and there was no other way in which money for meeting the increased scale of wages which the men demanded could be raised.

By order in council passed under the War Measures Act the government, after considering a report prepared by the Board of Railway Commissioners on the rate situation in Canada, has practically adopted the McAdoo increases. There are certain exceptions made in cases where it was found that the adoption of the scale would unduly limit or interfere with Canadian commerce. The export and import rates system in Canadian territory where rates were not increased, continue to stand, and can only be increased subject to a maximum of the lowest rate or rates in U.S. territory to or from the seaports. In like manner the low value ore in the Kootenay district, which could not well stand the U.S. increase, is held down to the stone and rubber commodity basis.

The effect of the application of the U.S. increases brings about a different increase in Canadian territory in the East and West. In the U.S. eastern territory advances were made by the Interstate Commerce Commission, in the so-called 15% case. Advances were also made in Canadian territory by the Board of Railway Commissioners in both Eastern and Western Canada, but no advances were granted in U.S. territory on the lines of the Northern Pacific and Great Northern Railways in territory immediately con-

tiguous to the Canadian West. In applying the increases, therefore, in eastern territory the McAdoo increases are calculated upon the rates advanced by the board following the action which has been taken in U.S. eastern territory, while in western territory the advances granted by the Board of Railway Commissioners are struck out and the McAdoo increases calculated upon the former rates.

This percentage of increased rate will not, however, be actually effective. On the short hauls, where the total freight bill does not constitute a large percentage of the value of the article carried, somewhat higher increases would be instanced, but on the longer hauls on most of the important commodities rates are held down to a maximum increase, and in other cases by flat increases, which cannot be exceeded, no matter how long the haul may be. It is impossible to tell what the exact percentages of increase will be that the railways will obtain under the McAdoo order. In all probability it will not exceed 20%.

The increase granted cannot add anything to the net revenues of the companies. It may fall short of meeting their increased expenses. The increased operating cost entailed by applying the McAdoo award is some \$53,000,000, and in 1917, when the Canadian railways probably earned the highest rates in their history, the gross freight earnings amounted to but some \$215,000,000. The government has ordered the Board of Railway Commissioners to check each month the operations of Canada's three main roads—the Canadian Pacific, Grand Trunk and Canadian Northern—so that if it is found that any increase is unnecessary it may be promptly reduced to the proper figure. The board is also ordered to make a monthly report to the cabinet covering the operation of the new tariff.

One important effect of the order will be to bring the western and eastern scale of rates more in line and remove the grounds for complaint by the westerner that he is more heavily taxed for the operation of Canada's railways than is the easterner. In this connection it may be noted that one of the first judgments of the present Chairman of the Board of Railway Commissioners was to reduce the express companies' tariffs in western territory 20%, leaving the rates in the eastern territory as they were. This reduction was followed by the general reduction in freight rates in western territory, which was brought about by the board's judgment in the western rate case, and the board in 1916 increased the freight rates in eastern Canada again, bringing the scales nearer a parity.

The Order in Council.

Following is the order in council passed by the Dominion Government, July 27, on the Minister of Railways' recommendation:—

Notwithstanding the provisions of any legislation heretofore passed, or of any rate-limiting agreement heretofore made, the charges for the carriage of freight on all railways owned, operated or controlled by the Government of Canada, and all other railways subject to the jurisdiction of the Parliament of Canada, shall be increased to the extent and in the manner hereinafter set out, that is to say:

Territory East of Ft. William.

Section 1—Class Rates.—All class rates in eastern territory shall be increased 25%.

Section 2—Commodity Rates.—(a) Commodity rates on the following articles in carloads shall be increased by the amounts set opposite each:—

Coal—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 per ton—50c a net ton of 2,000 lb.

Coke—Where rate is 0 to 49c a ton—15c a net ton of 2,000 lb.

Where rate is 50 to 99c a ton—25c a net ton of 2,000 lb.

Where rate is \$1 to \$1.99 a ton—40c a net ton of 2,000 lb.

Where rate is \$2 to \$2.99 a ton—60c a net ton of 2,000 lb.

Where rate is \$3 or higher a ton—75c a net ton of 2,000 lb.

Ores, Iron—30c a net ton of 2,000 lb., except that no increases shall be made in rates on ex-lake ore that has paid increased all-rail rate before reaching lake vessels. The increase of 30c shall be added to tariffs in force prior to Mar. 15, 1918, and the increase since allowed by the Board of Railway Commissioners is struck out.

Stone, artificial and natural, building and monumental, except carved, lettered, polished or traced—2c per 100 lb.

Stone, broken, crushed and ground—1c per 100 lb.

Sand and gravel—1c per 100 lb.

Brick, except enamelled or glazed—2c per 100 lb.

Cement—2c per 100 lb.

Lime and plasters—1½c per 100 lb.

Lumber and other forest products not otherwise herein specifically dealt with—a flat rate of 1c per 100 lb. to be added to the tariffs in force prior to Mar. 15, 1918, and the rate so obtained to be then increased by 25%, but not exceeding 5c per 100 lb., the increase since granted by the Board of Railway Commissioners to be disallowed.

Pulpwood—25c%, but not exceeding an increase of 5c per 100 lb.

Cordwood, slabs and mill refuse, for fuel purposes—1c per 100 lb.

Wheat—Strike out limitation imposed of 2c per 100 lb. in increase allowed by Board of Railway Commissioners, effective Mar. 15, 1918, and add 25% increase, but not exceeding 6c per 100 lb.

Other grains, flour, and other milled products—To be increased to new wheat rates.

Live stock—25%, but not exceeding an increase of 7c per 100 lb. where rates are published per 100 lb., or \$15 a standard 36 ft. car, where rates are published per car.

Packing-house products and fresh meats—25%.

Bullion, base (copper or lead), pig or slab and other smelter products—25%.

Sugar, syrup and molasses, by cancelling existing commodity rates and applying 5th class rate as increased hereunder.

Ice—25%, calculated on tariffs in effect prior to Mar. 15, 1918. Increases since allowed by Board of Railway Commissioners to be disallowed.

(b) Commodity rates not included in foregoing list increased 25%.

(c) In applying increases prescribed in this section, the increased class rates applicable to like commodity descriptions