

cases, the volume of the traffic has not been such as to enable the same economic principles to be applied to it as in the handling of freight. The public are demanding steel cars, or at least steel-framed cars, for passenger service. Large numbers of these cars are being put into service, increasing the dead weight load, but forming part of the general progress being made in providing improved transportation.

#### Tonnage Hauled

In addition to the great advantages which the public have obtained from improved railway service, consider also the part the railways have played in the national development. Look at the new towns and villages placed on the map of Canada. Look at the industries which cheap transportation has built up; look at the increased production of all commodities. Here are the figures of the total tonnage handled by Canadian railways:—

	1907. Tons.	1918. Tons.
Products of agriculture .....	9,521,661	23,877,670
Products of animals .....	2,469,266	4,249,332
Products of mines .....	18,460,172	47,189,491
Products of forests .....	10,229,635	20,851,454
Manufactures .....	7,974,641	22,362,807
Merchandise .....	2,309,084	5,047,616
Miscellaneous .....	5,533,426	3,952,372
	56,497,885	127,543,687

N.B.—It is not likely that the decrease in miscellaneous tonnage indicates any loss of traffic, but rather a looser classification in the returns for 1907, which was the first year that this information was called for.

This tonnage is made up as follows:—

	1907.	1918.
Originating in Canada .....	42,381,731	68,385,790
Received from connecting roads...	13,848,240	59,157,897

In 1918, of the traffic received from connecting lines, 34,039,620 tons was received from United States lines, steam coal for railways and industries, and hard coal for heating forming a large percentage of the tonnage.

#### Value of the Service

While the increase in tonnage shows a large development, an increase of 61 per cent. in tonnage originating in Canada, consider, if you will, the increase in the value of the commodities transported. This increase in value, of course, was made possible only by transportation; therefore, the value of the service performed by the railways in 1918 was surely very much more than in 1907.

It has been estimated that the value of the commodities transported by United States railroads in 1914 was \$56 per ton, and that the value towards the end of 1919 was \$119, or an increase of 112 per cent. The proportional relation of the various commodities making up the total tonnage of United States and Canadian railways is close enough to allow these values to be accepted for use in Canada. The Canadian government Department of Labor price statistics show the increase in wholesale prices between October, 1914, and October, 1919, to be 116 per cent., and between the years 1907 and 1913 to be 120 per cent.

#### The Present Situation

As previously mentioned, the 1918 railway statistics are for the fiscal year ended June 30th, and, therefore, do not materially reflect the benefit of the rate increases which took effect in 1918, as, in general, the increases were not effective until March 15th, 1918, and the increases on grain rates were not effective until June 1st, or for three and a half months and one month, respectively, of the fiscal year. Neither do the 1918 statistics include much of the large wage increases due to the adoption of the McAdoo award, which,

initially and generally, became effective on August 1st, 1918, although the shopmen's increase dated from May 1st. Some other increases were retroactive to earlier dates. Designed to offset these wage increases, but—as it has turned out—entirely inadequate for the purpose, an additional increase in freight rates was authorized, effective August 15th, which was commonly known as a 25 per cent. increase, but which was coupled up with the previous increase, and therewith, to some extent, was utilized to equalize the freight rates in western Canada as compared with those in eastern Canada. So that, according to the best estimates we have been able to make, the total increase in freight tariffs generally was just under 30 per cent.

The McAdoo award was found to be a serial story instead of a complete novel—supplement has followed supplement, and the end is not yet; it may or may not be completed by March 1st, when the United States railroads are expected to go back to their owners.

#### Expenses Caught Up in 1918

From 1907 to 1917 Canadian railways collectively were able generally to increase their net earnings per mile of line, even though absorbing 14,982 miles of railway, but expenses mounted too rapidly to enable this to be done in 1918. For the year ended June 30th, 1918, the total net earnings, as compared with the previous year, fell from \$87,880,842 to \$56,264,714, decreasing the net per mile from \$2,276.46 to \$1,447.17, due to an increase in operating expenses over 1917 of more than \$51,000,000. Had the estimated value of the first freight (and passenger) increase for an entire year been added to the gross of 1917, it would have produced an increase of only about \$28,000,000, showing how inadequate was the relief granted to the railways at that time. The estimates of the McAdoo award increases and attendant expenses are in the neighborhood of \$77,000,000, and against this the railways have been allowed the additional freight increase which was estimated to produce approximately \$43,000,000, so that the two increases together fall short by about \$57,000,000 of re-establishing the relation between gross and expenses that existed in the year ended June 30th, 1917, and it must be remembered that, due to the falling off in traffic, the increased rates have not produced as much additional revenue as was estimated.

#### Cure for Present Situation

An increase in freight rates is, therefore, the only solution of the present difficulty. Progress in advancing transportation methods to offset higher expenses will go on again in the future, but for the time being, with the traffic available, all known avenues of economy have been put into effect. The low rates enjoyed all these years should be appreciated. When the railways ask, as they must, for an increase in rates, the value of the service performed should be considered in the light of present-day values. The public should realize that the railways must be kept prosperous to give efficient service. Business must be developed and improved facilities must be provided, so that, when additional traffic permits, the progress which has been shown to have been made in operating methods may be continued, and the cost of producing transportation thereby reduced. In the end, the public will get the benefit, for experience has shown that, as the railways get more business, they take on additional business at lower rates.

With 52 per cent. of the railways owned by the people of Canada, there should be no hesitation in arriving at the decision that the railways should receive a return that will enable operating expenses and proper interest charges to be paid out of revenue received from transportation, provided, of course, that the country's railway properties are operated on an efficient basis. Comparative statistics will show whether this is the case or not.

The London and Western Trusts Co. will this year erect a new building on Richmond St., London, Ont.