

REPORT ON FREIGHT RATE INCREASE.**Sir Henry Drayton Recommends that Toronto Complaint be Dismissed.**

Ottawa, August 5.

In a report issued to-day from the office of the Dominion Railway Commission, Sir Henry Drayton, chief commissioner, recommends that the complaint of the Toronto Board of Trade against the recent Order-in-Council raising freight rates be dismissed. The complaint of the Toronto Board of Trade included a request that the Order-in-Council should be amended in certain particulars, and this application was referred to the Chairman of the Railway Commission by the Acting Prime Minister for his report.

Two questions were raised in the Toronto application. It was first urged that the new rates on sugar would place upon that food product an unwarranted burden, and that this commodity should not be called upon to bear a greater increase than others. It was also submitted that the new order should not become effective until August 27th, so as to give time to the public to adjust itself to commercial conditions.

Sir Henry draws attention to the fact that the basic cause of the new order's passage was a threatened strike of railway employees in Canada. This difficulty necessitated the adoption of the McAdoo scale of wages for Canadian railway employees, and in order to reimburse the railways for the increased outlay, freight rates had to be increased. The rates as fixed by Order-in-Council, he states, are war rates to meet a war emergency, and may bear no relation to what the final rates ought to be, having regard to different commodities, when the war is over and conditions become normal. The pressing necessity was to obtain revenue in order that strikes might be prevented and transportation carried on.

Dealing first with the complaint as to the rates on sugar, Sir Henry states that this article has moved at low commodity rates, and is carried at a lower basic charge than analogous commodities of probably similar value in the same group of the freight classification. This preference has the effect of accentuating the amount of the increase allowed. There is no question, he says, that the added receipts which will accrue from the increased rate on sugar are necessary, and he points out that the cost of transporting a pound of this commodity on the 330 mile haul from Montreal to Toronto has greatly increased. As a matter of justice sugar rates should be placed in their proper classification.

Dealing with the date on which the rates ought to become effective, the Chairman of the Railway Board says that it is true, as claimed in the Toronto Board's appeal, that in the United States the McAdoo order did not go into effect until thirty days after its date. It is also true, he points out, that in Canada, in some instances, the new wage scale dates back, but speaking generally, comes into effect on the first of August. The railway systems in Canada, therefore, whether owned by the country or by companies, receive added revenues, only 12 days after the added costs have been applied. They are thus put to a loss, which is serious in view of the large amounts involved.

Sir Henry goes at some length, into the condition of the Grand Trunk Railway, which he says carries a very large proportion of Toronto's traffic both in and out. After quoting statistics, he concludes: "It is absolutely obvious that the Grand Trunk is in such a position that at the earliest possible moment the full amount of increases which can be given to that company under the order should accrue to it. Had the Government not seen fit to pass the new order, increasing rates, the two other roads, the Canadian Pacific and Canadian Northern, would also have suffered financially, but as the amount of business which they do in Toronto is smaller than the Grand Trunk, they are not as directly affected."

MUNITION WORKERS.

Ottawa, August 7.

How important a place the manufacture of shells fills in the present day industrial life of the Dominion may be had from the fact that there are about 215,000 employees in the 450 Canadian plants now engaged in the production of munitions. Of this number approximately 5,000 are women.

The Imperial Munitions Board, the source of this tremendous activity, has placed no fewer than 6,420 contracts with Canadian firms up to the end of May last. This number, however, includes orders for steel and wooden ships, locomotives, cars, aeroplanes, engines and boilers, raw materials, etc., as well as for

munitions and their allied products.

To speed up production and ensure the continuous supply of necessary raw materials, in addition to performing the multitudinous duties of the board's activities, a highly efficient organization has been built up, the staff at the Ottawa headquarters numbering 892. Of this number more than fifty per cent are women.

It is the policy of the board to make all purchases, no matter what the commodity may be, in the open market, thus securing the benefit of competition, and, at the same time, placing the manufacturers on a fair and equal business basis. Upon receipt of tenders the purchasing agent examines the bids and allots contracts to the manufacturers, quoting the lowest prices consistent with rapidity of production, character of workmanship or other considerations. By this method, large sums of money have been saved for the Imperial Government, without having anything but a beneficial effect upon the commerce of this country.

The importance of a continuous and adequate supply of raw materials is fully recognized by the board, and in order that the machining plants, of which there are about 150, may be continuously furnished with an adequate supply of material and components, a system has been established whereby a working balance of component supplies, equivalent to eight weeks' supply of component parts, is shipped to the machining plants so as to ensure continuous operation in the production of shells.

During the last year 1,600,000 tons were handled inland to and from machining plants and 785,000 tons were shipped overseas by the transportation department of the board.

Owing to new export regulations which were put into effect early this year by the United States authorities at Washington, restricting the export of certain classes of materials from the United States to Canada, it became necessary for the board to establish a priority branch to deal with all matters governed by the new regulations and to act as an intermediary between the Washington authorities and the board's contractors in Canada. The function of this organization is that of assisting these contractors in securing prompt delivery of materials ordered by them in the United States, and which are required in connection with contracts for the board and also to facilitate and obtain the necessary export licenses and priority certificates. The priority branch only endorses applications for materials and commodities entering into the manufacture of munitions of war.

R. R. STATISTICS.

Ottawa, August 7.

Tonnage and mileage statistics of the Canadian railways which have recently been compiled, show that the Grand Trunk Railway Company during 1917 carried 25,272,449 tons of freight and the C.P.R., 31,198,685 tons.

The G.T.R., owing to the circumstances that its lines are confined to eastern territory, carried each ton of freight handled an average of 186 miles against a 470 mile average on the C.P.R. For the same reason the number of tons handled per mile by the G.T.R. was 6,305 tons as compared with 2,334 tons per mile carried by the C.P.R. Railway officials in commenting on these figures in conjunction with the traffic earnings of the two railway systems, state that they bear out statements frequently made in hearings before the Railway Commission that railroad operations when confined to eastern Canada are not productive of large net earnings.

SHIPBUILDING IN THE U. K.

London, August 7.

The First Lord of the Admiralty, in announcing the amount of the merchant ships constructed for the three months ending June 30, says the output of the United Kingdom and Allied and neutral countries exceeded the losses from all causes by 296,696 gross tons. The total output was 1,243,274 tons, as against 870,317 tons for the first quarter of the year. The United Kingdom built 442,966 tons, as compared with 320,280.

During July the United Kingdom constructed 141,948 tons, as compared with June's 134,159 tons, which, compared with July, 1916 and 1917, shows an increase of 174 per cent, and 71 per cent respectively. The United Kingdom's total output for the first seven months of the year was 905,194 tons. For the year ending July 31 the output was 1,490,025, compared with the same period of the previous year 865,147 tons.

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BRITISH SHIP LOSSES IN JULY.

London, August 7.

The losses of British merchant shipping in July were lower than during June, Sir Leo G. Chiozza Money, Parliamentary Secretary to the Ministry of Shipping, announced in the House of Commons to-day.

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The Secretary of the Admiralty says the July figures were not as high as usual owing to the holidays. The influenza epidemic had a transient but marked effect on shipbuilding, as it caused the absence of from 35 to 50 per cent of the employees of the yards.

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