## HIGHER FREIGHT RATES BARRED.

### United States Roads Are Handed Important Decision Against Them—Canadian Lines Affected.

The Interstate Commerce Commission of the United States has dismissed the petition of the eastern and western railroads for higher freight rates. This decision has been a prominent topic during the week. As both the Canadian Pacific and Grand Trunk roads have considerable mileage in the neighboring Republic, they have a substantial interest in the decision. The roads are directed by the Commission to cancel on or before March 10th the advances they propose, otherwise an order will be issued to maintain the present rates for two years. The ruling is a decisive victory for shippers. An appeal to the Commerce and then the Supreme Court is anticipated.

The controversy which the Interstate Commerce Commission has decided dates back to the Roosevelt Administration. In the spring of 1908, following the panic of October, 1907, when business of all the railroads began to decline, an attempt was made to reduce wages in order to bring the operating expenses down in a degree commensurate with the falling gross earnings. The Louisville & Nashville Railroad Co. took the initiative in this move, but the carrying out of its plan was blocked, it is said, by Mr. Roosevelt, who was then president. That company determined to make a general reduction in wages, but the Federal authorities intervened in behalf of the employes, the result of which was that the Louisville & Nashville abandoned its program to cut wages. Other railroads which were contemplating a cut in their wage scales likewise gave up their plans. This was done with the understanding, it was generally thought, that the Interstate Commerce would look with approval upon an application on the part of the railroads for increased rates in order to bring up their net earnings in spite of a falling volume of business.

**Campaign of Education.**

Accordingly a "campaign of education" was started by the roads, with a view to convincing the public that higher rates were justified, and the subject was agitated throughout the rest of the year. At that time many of the railroads, notably the Pennsylvania system in the East, contended that it was not a proper time to increase rates when the volume of business was contracted, holding that such action on the part of the roads would tend to discourage rather than encourage an expansion in business and thus really defeat the object sought to be obtained. The campaign was accordingly abandoned, chiefly on account of the opposition coming from some of the influential railroad systems themselves who insisted that the political economy of the move was wrong.

In 1909 there was a general demand for wage increases on all the railroad systems of the United States, and while the claims of the employes were vigorously contested by the managements, in virtually all cases wage advances were finally allowed. This was not done until the situation reached an acute stage, threatening serious railroad strikes, when the matter was submitted to arbitrators under the Erdman Act. In every instance the arbitrators decided that the employes were entitled to some increased compensation, but not as much as they demanded.

To meet the additional burden imposed by the higher expenditures for wages, the railroads early in 1910 filed applications with the Interstate Commerce Commission for higher freight rates. The first were submitted by the Western roads about March, 1910, the higher schedules to become effective April 30. This petition was submitted with the understanding that the National Administration would look with favor upon it, but on the eve of the date when the higher rates would become effective, there was filed in St. Louis, at the instigation of Attorney-General Wickersham, an order seeking an injunction against the railroads from enforcing the increased rates, and this injunction was granted by the United States Circuit Court.

**Will Issue Two Year Order.**

The decisions in the eastern rate case concludes as follows: "For these reasons we dislike to tie-up, by hard and fast order, these commodity rates, and we have concluded, as to all the rates involved in this proceeding, to simply require the defendants to cancel, on or before March 10, their advanced tariffs on file and restore their former rates, which are the rates now in effect. If this requirement is not complied with, the proposed rates will be suspended, the necessary findings of fact made, and the usual two years' order issued as to all the tariffs involved."

The same order is issued in the western case. In the western decision the Commission says:

"We do not say that the carriers may not increase their incomes. We trust they may, and confidently believe they will. If the time does come when through changed conditions it may be shown that their fears are realized, or approaching realization, and from a survey of the whole field of operations there is evidence of a movement which makes against the security and lasting value of legitimate investment and an adequate return upon the value of these properties, this Commission will not hesitate to give its sanction to increases which will be reasonable.

"It is the law that rates shall be just and reasonable and alike to all for like service. In construing this law the courts have given general direction in a number of cases, and, by all standards that have been set, this Commission—all of its members concurring—finds the proposed rates to be beyond the limitations placed by law upon the carriers."

**Effect of Increases.**

The full effect of the increases asked for the roads in the official classification territory, it was estimated, based on the business of the fiscal year 1909, would be between $27,000,000 and $30,000,000. The increases of wages, which played so important a part in the plea for higher rates, were estimated at about $35,000,000. New York (lines east of Buffalo) $3,464,000, Pennsylvania R. R. (lines east of Pittsburg) $3,064,000, Pennsylvania Co. (lines west) $1,590,000, Panhandle $1,508,000, Lake Shore $1,955,000, Michigan Central $1,797,000, Big Four $1,244,000, Nickel Plate $699,000, Baltimore & Ohio $2,308,000, Erie $1,789,000, Wabash $813,000, Lackawanna $1,016,000, Lehigh Valley $750,000, New Haven $648,000, Reading $200,000, Chesapeake & Ohio $378,000, Norfolk & Western $264,900.

An examination of the earnings and statements of a large number of roads for the first six months of the current fiscal year would indicate, thinks a New York brokerage house, that a continuance of the present order of things will hardly mean disaster. In making comparisons, it should be remembered that the first quarter of the current fiscal year was a bad one, and that the second quarter was far from the high record of gross business. The following figures are, of course, approximate, and official readjustments might make quite a different showing, but all ascertainable monthly changes in the items of fixed charges, other income and rentals have been reckoned. It should be remembered also that the great majority of roads have set aside more money for maintenance than they did in the year preceding.

**Earnings of the Roads.**

Following is given the approximate annual rate being earned on the leading railroad stocks, and the rate of dividends being paid:

| | Earned | Pd. | | Earned | Pd. |
|---|---|---|---|---|---|
| Atchison | 10 | 6 | St. Paul | 9 | 7 |
| Jer. Cent. | 24 | 8 | Chicago & N. W. | 10 | 7 |
| Chicago & East | 18 | 5 | D. & H. | 15 | 9 |
| Erie Com. | 3½ | 0 | E. F. | 10 | 0 |
| E. S. | 15 | 0 | L. V. | 12 | 10 |
| Soo C. P. pf. | 11 | 7 | N. Y. C. | 6½ | 6 |
| R. G. | 8 | 6 | S. P. | 12 | 6 |
| St. L.-S. W. pf. | 10 | 4 | U. P. | 21 | 10 |
| Wl'g & L. E. pf. | 1 | 0 | B. O. | 9 | 6 |
| Col. & O. Com. | 8¼ | 2 | C. O. | 7 | 5 |
| C. B. Q. | 21 | 8 | Lack. | 40 | 20 |
| D. pr. | 8 | 5 | G. Q. | 11½ | 7 |
| L. & N. | 16 | 7 | M., K. T. Com. | 4 | 0 |
| M. O. P. | 2 | 0 | St. L. & F. | 3 | 0 |
| S. R. Com. | 4 | 0 | Wab. pf. | 6 | 0 |
| West Mary | 2 | 0 | | | |

In view of the steady improvement in business conditions now under way, there would seem every reason to believe that the action of the Commission has nipped in the bud a plan of certain powerful labor unions to demand increased wages in the event that higher freight rates were allowed. If this is true, the failure of roads to secure better rates is not an unmixed evil for them.

The Grand Trunk has about 25 per cent. of its mileage in the United States, as it operates between Chicago on the west, and Portland, Maine, on the Atlantic coast. Many of the branches of the Canadian Pacific reach important points in the United States; its lines not only penetrating to Buffalo and Detroit, but also touching Chicago, Minneapolis, St. Paul, Duluth, Spokane, Seattle and Portland, Oregon.

## BRITISH VIEWS OF CANADIAN INSURANCE FIELD.

British contemporaries are devoting considerable attention to insurance prospects in Canada. The London Post Magazine thinks Canada is a good field of operations for British life companies and points out that immigration into the Dominion is of "select" lives, for the most part insurable, but either uninsured or under-insured. After surveying present conditions in the Dominion the Post Magazine says: "Enough has been said to demonstrate that for purposes of insurance of all descriptions, and of the investment of insurance funds, unique opportunities are now open to British companies whose directors and executive are sufficiently far-seeing and progressive to recognize avenues of future relief to the ever-increasing competition in the home sphere. With an effective investment yield of one per cent. above corresponding home rates, the extra cost of operations on a broad basis might be expected, with prudent and careful management, to be more than covered when once initial establishment charges had been met."

The London Review says that "insurance in the Dominion has made wonderful strides; and we are of opinion that the next ten years will see advances as will cause astonishment even to the most optimistic insurance men."