



# FARM AND DAIRY & RURAL HOME



It is the welcome Practical Progressive Ideas.

The Recognized Exponent of Dairying in Canada

Trade increases the wealth and glory of a country; but its real strength and stamina are to be looked for among the cultivators of the land.—Lord Chatham

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## Should the Railway Companies Be Allowed An Increase?

Roderick McKenzie, on Behalf of the Canadian Council Against Higher Freight and Passenger Rates

THE railway companies of Canada have asked the Board of Railway Commissioners for a recommendation to the Governor-General-in-Council, for a passage of an Order-in-Council, under the War Measures Act, granting to the applicants a general advance of 15 per cent. in the tariffs of tolls on freight and passenger traffic. The applicants, as a reason for making their application make the plea that the cost of operation of their railways has increased largely within the last year or two, an expression that is common in all business enterprises, but seem to have lost sight of the very large and substantial increase in their earnings in the same period, and make no attempt to show to what ratio of working expenses to gross earnings is very materially reduced.

The statement of the grounds on which the application is made is, "Nothing is more essential to the welfare of Canada, whether considered in its own interest or as a part of the Empire, than that the railways operating within its borders should be in a position to respond immediately and effectively to the fullest demands made upon them, either by the general commerce of the country or in connection with the defence of the realm."

"Every industry, whether engaged in war preparation or in the manufacture of commercial commodities, and every individual in Canada is affected, either directly or indirectly, by the efficiency or inefficiency of transportation facilities, and while at the present time, owing to the scarcity of skilled labor and other causes due to the war, it may not be possible to maintain the transportation service in a condition of highest efficiency, it is an imperative duty on the part of everyone to see that the service is adequately sustained."

### Lack of Labor—Not Money.

The implication here seems to be that the present inefficiency of the railway transportation facilities is due to scarcity of skilled labor, and other causes due to the war, and that because of these facts, the railways find it impossible to maintain the transportation service in the highest efficiency.

A prominent railway official in making a presentation before another commission in this building a few days ago, stated, with the greatest emphasis, that the railway which he represented could not possibly, under any circumstances, increase the service this year for want of skilled labor, and the difficulty of securing additional equipment due to the same cause. Now the railways come before this Board with a claim that with the present revenues and rates applicable to their enterprises, it is impossible to adequately sustain their service to make needed betterments,

claiming that it is not men, but more money they need.

Pressure is being brought to bear upon the Government from many sources to reduce the cost of living by arranging the process of distribution of commodities that enter into the living of the people, that the cost would be more equitably distributed, giving the producer a larger share of that which the consumer pays by reducing the undue share that now goes to the speculator or middleman. Here we have the railway companies, the principal agencies in distribution, asking you to recommend to the Government to pass an Order-in-Council authorizing railway companies to add some \$39,000,000 to the cost of living of the people over and above what they now pay. Those who were making representations for a reduction in the cost of living have not so far met with any degree of success, and it remains with you as to whether or not those who are advocating this increase in the cost of living should meet with success.

### Why Stunt Primary Industries?

The primary producers of wealth may allege with more force than the railways, and with equal sincerity, that nothing is more essential to the prosecution of the war and to the welfare of

Canada than efficiency of production. Production will not be efficient if it is not duly rewarded, and it may be assumed that in the case of farm industry, where the meagreness of the rewards of capital and labor have already caused an alarming depopulation of the land, this request of the railways, if granted, would make matters worse, as a great part of the proposed burden would fall directly on the primary industries or be shifted upon them in due course. Whatever addition is made in the interest of railways, to the toll of freight traffic, is an added burden on the primary industries. The added burden of manufacturers and commercial interests, by reason of an increase in freight rate, they will pass on to the consumer.

According to press reports, the Canadian Manufacturers' Association gave their consent to the proposed increase. Their attitude is readily understood; they are in the happy position of being able to pass the increased cost on to the consumer of their goods. The producer of farm products and the consumer must, therefore, pay all the costs, and on them will fall the burden of the proposed added cost to the freight tariff.

### Cost of Increase per Freight.

Applying an increase of 15 per cent. on the gross earnings of the Canadian railways of \$263,157,157 would involve an additional charge on the Canadian public for freight and passenger traffic of upwards of \$39,000,000—\$5.00 per capita—\$25.00 on every family of five. But that is not all. All those engaged in manufacturing and buying goods to sell again would add the additional cost for freight to the selling price of their goods. It is on that portion of the population who are less able to pay that the burden of the additional tax would fall. Of this amount about 48 per cent., or \$18,698,000, would fall to the lot of the C. P. R.; \$5,132,100 would go to the C. N. R., and \$5,873,000, or 15 per cent., to the G. T. R.

Is this increase justifiable? Is it needed? I submit that it is not. If the C. N. R. and G. T. R. need assistance, it could be provided them in a cheaper way. Is it just to the people of Canada to be taxed \$39,000,000, of which the C. P. R. gets \$18,000,000, based on their earnings of 1916, and would amount to \$21,000,000 based on their earnings of 1917, in order that the C. N. R. could get assistance to the extent of \$5,000,000?

I have before me a table showing the gross earnings, operating expenses and the percentage of operating expenses to gross earnings of the railways of Canada since 1875. It shows for the year ending June 30th, 1916, that the operating expenses took \$68.90 out of every \$100 of the gross earnings, and only in six years, namely, 1897, 1898, 1900, 1902 and 1912 was the ratio of operating expenses to gross earnings less than in the last fiscal year. It is true the operating expense

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### Wisdom on the Land Question

MILLIONS of acres of farm land are being held out of use and other millions of acres are being cultivated on a wasteful and inefficient basis. Land values have risen at an unprecedented rate. They are based not upon what the farm will earn at the present time, but on an expectancy of what it will be worth in the future. The farmer's son or the tenant farmer, with little or no capital, cannot hope to acquire possession of a farm when the price of land is so high that his earnings would not pay the interest on the investment. The result is that land remains idle or in the hands of tenants and thousands of farmer-boys desert the country for the city.

What we need, and need badly, is a programme of taxation which, without throwing additional burdens on the bona fide farmers, will place land now idle within the reach of men of limited means who possess the ambition and the ability to cultivate it.—Carl Vrooman, Assistant Secretary of Agriculture of the United States.