

Record Volume of Business Handled by Railways in 1917

(J. L. PAYNE, of Ottawa, in the Toronto Globe.)

The third year of the war brought much of anxiety and genuine trouble to the railways of Canada. Traffic created a new record, both in volume and earnings therefrom. In fact, it was out of these very conditions of activity, which in ordinary years would have spelled abounding prosperity, that worry and irksome pressure were developed. There is such a thing in the railway realm, as in private affairs, as having too much of a good thing. The best achievement of the railways in Canada during the year 1917 was not in winning higher receipts than ever before, but in keeping the wheels moving under circumstances acutely trying. Only heroic effort saved the situation. Yet of the struggle going on, or the victories won from month to month, the average citizen was probably blissfully unaware.

The railways as a whole were poorly prepared for the demands made upon them in 1917. To understand their position it is necessary to turn back to 1913. In that year traffic and receipts made tremendous leaps. Then came the war. Gross earnings fell off by nearly \$14,000,000 in 1914, to be followed in 1915 by a further drop of more than \$43,000,000. This was bad enough as a fact in finance, but it amounted almost to disaster when taken in conjunction with an addition of 6,274 miles to operating mileage. Had the conditions of 1913 been maintained, gross receipts would have shown an increase of \$48,000,000 for 1914 and 1915 instead of a decrease of \$57,000,000. This setback called for ruthless reductions in operating cost. Every conceivable form of economy, both positive and negative, was brought into play. Hard times were eating at the vitals of our great transportation system, and we must now see clearly that it was fortunate for all interests there were capable and courageous men at the head of the big lines.

EQUIPMENT AND LABOR.

In 1916 the storm subsided, and the sun shone again. All the losses in gross for 1914 and 1915 were retrieved, and nearly \$7,000,000 added. A total of \$263,527,157 was realized, as compared with \$256,702,703 for 1913. The volume of freight reached 109,659,088 tons, as against 87,204,833 for the preceding year. This was done well. But neither traffic nor earnings per mile of line were up to the averages for 1913. The troubles of the railways arose from other causes than business. They were scarcely prepared for the rush of either 1916 or 1917. In 1913 and 1914 they had made large additions to equipment, which, notwithstanding the two lean years which succeeded each other, turned out to be a very fortunate thing. Had it been otherwise, no one may say what would have happened. Certainly there would, in 1916 and 1917, have been very serious congestion.

The troubles which produced many a grey hair between Halifax and Vancouver in 1917 were due in chief to shortage of rolling stock and skilled labor. The great increase of traffic caused one, and the war caused the other. The Canadian Pacific alone lost nearly 8,000 employees through enlistments. In particular, trained shopmen and car repairers were woefully scarce. Hundreds of first-class trainmen were allowed to go to France. Many others went without receiving permission, which meant sacrifice alike to the men and the railways. Meanwhile, week by week the movement of freight increased in vol-

ume. Operating officers were at their wits' end to meet the urgent demands made upon them; so that it was not in Flanders only that brave men were doing their bit. In the final reckoning of service, in its true relationship to war, the railway men of Canada deserve recognition.

CONCENTRATION ON EFFICIENCY.

As Emerson would say, however, every tribulation has its compensation. In the process of handling a swelling volume of traffic, for which they were ill-prepared, the railways were compelled by pressure of circumstances to do two things which were on the side of operating efficiency—to increase the average carload and the average trainload. When the war broke out Canadian railways were behind the American roads in both these respects, but particularly in the latter. A careless habit had grown up on allowing shippers to use a full car for a load much below its capacity. In the same way trains were sent out with loads lower than the hauling power of locomotives. In its essence this was rather poor railroading, and under the pressure of necessity intensive methods were substituted. They have produced gratifying results.

To the aid of the railways in their brave struggle to meet a great emergency came the Canadian Railway Association for National Defence. As the name implies, this was an organization drawn together to meet the vicissitudes produced by war. It established its headquarters at Montreal, and at once became an effective medium between shippers and carriers. The underlying purpose was to make the scant equipment of the railways perform a larger service—for example, to have four cars do the work hitherto done by five. Success would mean a saving of 20 per cent, which was a thing well worth doing, because it would make for economy after the war as well as during the period of special stress. Without going into elaborate details, let it suffice to say that a happy spirit of co-operation was developed, and throughout the year the prime object in view was in large measure achieved.

GOVERNMENT OWNERSHIP EXTENDED.

The official figures which are prepared annually by the Department of Railways and Canals are not yet available. It will help to an understanding of the railway situation, however, and show the progress made, to present a comparative statement of some of the salient facts for the years 1911 and 1916:—

	1911.	1916.
Miles in operation	25,400	37,434
Capitalization	\$1,528,689,201	\$1,893,877,819
Ton hauled	79,884,282	109,659,088
Passengers	37,097,718	49,027,671
Trainload-tons	305	411
Gross earnings	\$188,733,494	\$263,527,157
Earnings per mile	\$7,430	\$6,943
Freight cars	127,158	201,614

Perhaps the most significant event of the year was the action of the Canadian Northern System from coast to coast, including express, telegraph and steamship services and elevators. The matter has been pretty thoroughly exploited in the press, and demands no more than this reference in a brief review of the outstanding events of the year in the Canadian railway world.

tation facilities.

That end is not gained by a freight rate advance which proposes, at the expense of the shipping public, to supply a crutch to keep the weakling hobbling and satiate with superabundance of strength the stalwart already in possession of more than he needs. Far better link up the weak and the strong under Government operation, and let them pull together for their country and its people.

MAIL AND EMPIRE.

Railway Rate Increases.

The increase in freight and passenger rates permitted the railway companies to add many millions of dollars to the war burdens of the Canadian people. But practically all of it goes back to them in higher wages to employees, higher prices for materials, and the maintenance of efficiency under difficulties. We do not think anyone posted on the subject of increasing costs of operation and supplies will challenge the Railway Board's assertion that the increase will not offset inflated costs. Even with the enlarged revenues, the companies will have difficulty in maintaining their financial balance.

The Canadian Railway Association, the war-time organization to direct co-operative traffic, pointed out recently that in the year ending June 30, 1916, the charge for moving a ton of freight one mile in the United States was .716 of a cent. In Canada it was .653 of a cent. In the United States the average passenger mile cost the passenger 2.006 cents, and in Canada 1.954 cents. The United States rates have been admittedly insufficient to enable the railways to provide out of earnings for their fixed charges and the proper maintenance of track and equipment. The difficulties of the Grand Trunk and Grand Trunk Pacific, the Canadian Northern and lesser roads in Canada from enormously increasing expenses have been patent for the last two years. Under the war-time interchange of rolling stock and equipment whenever necessary, the Canadian Pacific Railway Company will probably have to make large sacrifices in earnings in the avoiding of duplicate service. To overcome the shortage in labor, cars and motive power during the remainder of the war it may have to lend largely of its splendid resources to junior lines. The first consideration is the maintenance of a service efficient in all branches.

The Government has taken to itself priority of claim to such capital resources as Canada has. Railway financing is being restricted to renewals or temporary accommodation. Unless the lesser private companies are slowly to be driven into very serious financial difficulties, their net earnings must be sustained up to a living point. That cannot be done if revenues are more and more eaten up by increasing expenses, leaving no margin wherewith to maintain the systems.

MANITOBA FREE PRESS.

The Free Press has no hesitation in making the prediction that if the decision of the Railway Commission in favor of a horizontal increase in the railway rates becomes effective it will mean, inevitably, the taking over by the government for the duration of the war and the reconstruction period which will follow, of all the railway lines in Canada, to be followed, in all probability, by the complete nationalizing of all these roads. If the people of Canada have to pay an additional forty million dollars a year in carrying charges by the railways they are going to make certain, by the only means at their disposal, that private individuals, already in receipt of a reasonable dividend upon their investment, shall not profit to the extent of a single additional dollar. This is in reality war taxation; and it should go into the public treasury.

The finding of the railway commission in favour of an increase of freight and passenger rates over all the Canadian railways to the extent of 15 per cent is not the end of this question, which has been for some time a subject of controversy.

A matter of such moment involving an additional burden of taxation running into thirty or forty million dollars annually is bound to become a political question. The new government will find itself a court of review, to which this decision will be appealed. It is inevitable that the newly-elected parliament will have something to say about this also.

Public opinion, so far as it has manifested itself, has been very critical toward the view that the only solution of the railway problem in Canada, as it has been determined by war conditions, is by the vigorous boosting of the carrying charges which the users of the roads have to pay. The view is pretty widely held that even under war conditions the biggest railway company in Canada is making as much money as any corporation should expect to make in war time; and a horizontal increase which will largely increase

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How the Press Views Railway Rate Increase

TORONTO GLOBE.

The decision of the Dominion Board of Railway Commissioners authorizing an increase in railway freight rates must come under review by the Dominion Government. Responsibility for the proper public-first handling of Canada's war-time railway situation rests, in the final analysis, with the people's representatives—men who are definitely pledged by the Prime Minister's manifesto to grapple with the task.

An increase of rates, enabling the weakest railway system to carry on without unwatering and pouring additional millions into the already overcrowded coffers of the most prosperous transportation corporation, will not do. Already from all parts of the country—and particularly from the great West, which gave the Government the most sweeping and emphatic mandate to put its promises into practice—there is gathering a storm of protest. That protest is justified. The people of Canada have witnessed with keen interest and close concern the progressive and business-like measures taken by the Government of Great Britain and by the President of the United States to deal with the problems of war-time railway transportation in those countries. They expect—and they have the right to expect—action by the Government of Canada equally economic and effective.

Months before the outbreak of the war, with its resultant acute exigencies, The Globe advocated the nationalization of Canada's railways. To that sound, permanent policy it still adheres. But the country is now confronted with stressful emergent conditions which demand temporary action as a matter of immediate necessity. It is essential that the railway systems of this country shall be so co-ordinated and reorganized as to secure greater economy in operation, avoid unnecessary construction, save coal and motive power, and secure the widest and most reasonable and most effective use of existing transpor-