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NATIONAL RAILWAY FOR CANADA

CANADIAN NORTHERN, GRAND TRUNK, GRAND TRUNK PACIFIC, TRANSCONTINENTAL AND INTERCOLONIAL TO BE MERGED INTO IMMENSE NATIONAL RAILWAY OWNED BY PEOPLE OF CANADA

Immediate Nationalization is Imperative to Enable Struggling Railways, Particularly Grand Trunk, to Cope With Transportation Needs of Country, Says Drayton-Acworth Report, Which Urges Appointment by Parliament of Board of Five Trustees to Act for Public—Dominion Railway Company Will Assume Debts of Railways and No Cash Outlay is Immediately Required—Commissioner Smith Makes Dissenting Report.

By a Staff Reporter. Ottawa, May 2.—When Mr. Speaker arose to leave the chair at six o'clock this afternoon, Sir Thomas White asked the unanimous consent of the house to lay upon the table the report of the royal commission to inquire into railways and transportation. This report, he said, was one of the most momentous documents ever presented to parliament, and upon his motion it was ordered printed for immediate distribution. The report was prepared at the last session of parliament, and consisted of Sir Henry Drayton, chairman of the Dominion Board of Railway Commissioners; Wm. Acworth, one of the most eminent financial experts of the United Kingdom, and A. H. Smith, president of the New York Central Railway System. The report presented to the house today is signed by Sir Henry Drayton and Mr. Acworth. Mr. Smith does not join in the report, but files a dissenting opinion.

Immediate Nationalization The majority report which, it is assumed, will be acted upon by the government, recommends the immediate nationalization of all the railways of Canada, except the American lines and the Canadian Pacific Railway Co. The recommendation is that the Intercolonial (including the Prince Edward Island Railway), the National Transcontinental, the old Grand Trunk, the Grand Trunk Pacific and the Canadian Northern be brought into one system, to be owned by the people of Canada. This will create one of the greatest railway systems in the world, and build up a formidable competitor to the Canadian Pacific Railway Company.

A majority of the commission regard government operation, as represented by the Intercolonial, as a costly and cumbersome experiment. The new unified national system will be placed under five trustees, to be named in the first instance by act of parliament, and to hold their offices during good behavior. Whenever a vacancy occurs a new trustee will be appointed for a seven-year term, but the remaining trustees themselves are to suggest the names from which the governor-in-council will make the appointment to fill the vacancy. The trustees are therefore a self-perpetuating body, and will be free from all political interference. At least three of them must be men of wide railway experience, and one of the trustees be a representative of labor.

Assume All Debts Under the scheme as recommended by the majority report, no immediate cash outlay will be required by the government. The government will assume all the debts and obligations of the constituent roads, and the legal titles to them will be vested in the trustees as a body corporate, to be known as "The Dominion Railway Company." It is confidently asserted that the commitments of the Grand Trunk, the Grand Trunk Pacific and the Canadian Northern alike, to be assumed by the government, considerably exceed the physical valuation of the roads or their reconstruction cost, but provision is made for fixing by arbitration the value of whatever equity the stockholders may have, including the sixty per cent of stock in the Canadian Northern held by Sir William Mackenzie and Sir Donald Mann.

Grand Trunk Weak Sister The feature of the report (and in this President Smith concurs) is the announcement that the old Grand Trunk is the "weak sister" among the Canadian railways. Nationalization of the Canadian Northern is recommended upon the ground that the system cannot earn its operating expenses and fixed charges and properly complete its necessary betterments and equipment for years to come, without large financial aid from the government, but the immediate nationalization of the old Grand Trunk is demanded, so the commissioners say, by a most urgent public necessity. The utter breakdown of the Grand Trunk service last winter in the Province of Ontario, the danger of another and more serious coal famine, the impossibility of the road rendering efficient service, except by an expenditure of fifty million dollars (which it has no way of financing) and the terrible millstone of the Grand Trunk Pacific, which is dragging it down to inevitable bankruptcy, are among the reasons set forth by the commissioners for immediate and drastic action.

Unwarranted Dividends Mismanagement of the most startling character, and the diversion of millions of dollars to the payment of dividends from necessary equipment and operating expenses are dealt upon. The proposal made by Chairman Smithers to Sir Robert Borden in December, 1915, to the effect that the government should take over the Grand Trunk Pacific and its common stock, and release the old Grand Trunk from its commitments in respect to the Grand Trunk enterprise, is thus commented upon by Sir Henry Drayton and Mr. Acworth, who in their joint report say: "We cannot think that this is a reasonable proposition, or one that we could advise the government to accept. What would be thought if one partner in a business were to say to the other: 'We entered jointly into an enterprise which we thought would be profitable. It has turned out the reverse. I propose that you settle with the creditors, pay out to me the whole of the capital I put in, and let me retire. Provided I go free, I am content that you make what you can out of the business?'" "We think the Grand Trunk Company cannot thus escape the consequence of its own action. We quite agree that the Grand Trunk Company cannot meet its Grand Trunk Pacific liabilities. But if the government is to relieve the Grand Trunk Company of liabilities which it voluntarily incurred, but which it now finds it impossible to meet, it is for the government, not for the company, to fix the terms."

Paid for by Public. The majority of the commission recommend nationalization of both the Grand Trunk and the Canadian Northern, because in their opinion these roads cannot be put upon a paying basis without an enormous expenditure of money to be furnished by the government. In view of the fact that the people of Canada in one way or another have put into the various roads an amount of money equivalent to their present physical valuation, and would have to contribute so much more if they are to con-

tinued in operation, there is good reason why the public who furnish all the capital should own the properties outright. Opposes Public Ownership. President Smith does not dissent from any of the findings of fact made by his colleagues, but dissents from their recommendation of government ownership. He cannot reconcile their condemnation of government operation of the Intercolonial with their recommendation that the old Grand Trunk, the Grand Trunk Pacific and the Canadian Northern be nationalized. He is sure that the politicians will get hold of the new system, and points out that no parliament can bind its successors. No law can be passed, he says, which cannot soon be amended. He favors the Grand Trunk and the Canadian Northern remaining under corporate management, but would have the Canadian Northern absorb the Grand Trunk Pacific and confine its operations entirely to western Canada. He would have the old Grand Trunk take over the Canadian Northern line east of North Bay and confine its operations to eastern Canada. The big trunk lines connecting old Ontario with Winnipeg are left more or less suspended in the air by Mr. Smith. They are to be leased to whoever will take them. But the Grand Trunk in the east and the Canadian Northern in the west are to be relieved of the heavy fixed charges entailed by these non-productive lines. The government, of course, is to keep on assisting financially both the Grand Trunk and the Canadian Northern in President Smith's recommendations are adopted.

Hudson Bay Enterprise. All the commissioners regard the Hudson Bay enterprise as a mistake. Mr. Smith says the government practically started to build a line running north and south when its avowed purpose was to have traffic pass east and west. It is recommended that work be suspended for the present and that the road be completed in the most economical manner compatible with efficient service.

President Smith in his dissenting opinion expresses the belief that the Canadian Northern may eventually succeed as a permanent and paying enterprise. He warns the government that to adopt the Drayton-Acworth plan is to shoulder a debt of nearly one billion dollars in perpetuity, which otherwise might be eventually shifted to the shoulders of a private corporation.

(Continued on Page 6, Col. 2)

FOE SUBMARINES SINK MANY BRITISH VESSELS

Thirty-Eight Ocean-Going Merchantmen Fall Victims to Mines or Torpedoes in Week—Twenty-Four Escape.

London, May 2.—The British official announcement of the number of vessels sunk in the week ending on Sunday last shows that 38 merchant vessels of over 1,600 tons each were sunk. Those of less than 1,600 tons numbered thirteen, and eight fishing vessels were sent to the bottom by submarines or mines. The announcement says: "The arrivals of all nationalities over 100 tons, 2,716; sailings, 2,690. "British merchantmen sunk by submarines or mines, over 1,600 tons, including three not previously recorded, 38; under 1,600 tons, including one not previously recorded, thirteen. "British vessels unsuccessfully attacked, including two not previously recorded, 24. "British fishing vessels sunk, including two not previously recorded, eight."

Last week's statement showed that forty vessels of over 1,600 tons each were sent to the bottom by mines or submarines.

BRITISH DEFEAT TURKS PURSUE FOE TO HILLS

Sir Stanley Maude Wins Important Success on Both Banks of Shatt-el-Adhm in Upper Mesopotamia.

London, May 2.—The 18th Turkish Army Corps has been driven by the British from its positions in Mesopotamia on both sides of the Shatt-el-Adhm, General Maude reported today. The British cavalry is pursuing the Turks into the Jebel Hamrin hills and making many captures. The official statement says: "With reference to Monday's communication, General Maude wires that our troops attacked the Thirteenth Army Corps at dawn Monday in the strong position in which they had been entrenching for some days on both banks of the Shatt-el-Adhm, 25 miles southwest of Kifri. We took the enemy by surprise. His first two lines, including a fortified village, were rapidly stormed by our troops, who advanced with great dash and swept thru the position in irresistible style. "Strong Turkish counter-attacks lost us the village, but it was speedily regained, and the enemy began a general retreat about midday covered by strong rear-guards. "The Turks continued their retreat during Monday night and Tuesday were driven back into the Jebel Hamrin hills by our cavalry. "Our total captures on Monday amounted to 359 prisoners, of whom a large proportion, including 21 officers, among them one regimental and two battalion commanders, were unwounded. We captured also one Hotchkiss gun and a machine, gun, and a large quantity of gun and rifle ammunition. "Only a part of the battlefield has been cleared, and 183 Turks have been buried."

Majority Report.

Recommendation is made that Grand Trunk, Grand Trunk Pacific, Canadian Northern, National Transcontinental and Intercolonial be merged into one public-owned system.

This will provide the largest railway system in the world, Germany's excepted. It will be adequate, well balanced with necessary branches in east and west, and save many millions in unnecessary duplications. In time it should produce as favorable financial results as the C.P.R. and constitute a great national asset.

Success of the system will depend upon non-interference with proposed body of five trustees to be appointed by parliament.

Three of the trustees are to be railway experts, the fourth to represent railway employees, and the fifth a financial and business expert.

Existing bonds and debentures of railway companies to be continued. No new financing required, except to provide for floating debt, and to increase rolling stock and facilities.

Shareholders' equities to be met by payments out of earnings, based on present financial positions of the companies and their potential earning power.

Receivables for the C.N.R. and G.T.R. would react seriously upon the country's credit.

Immediate action is imperative, as the C.N.R. is unable to give adequate service to the western grain growers, and the G.T.R.'s eastern traffic troubles will be worse next winter unless funds for tracking and equipment are forthcoming.

Government aid to railways has reached the huge sum of \$98,451,737.

Grand Trunk's commitment on G.T.P. account totals \$123,290,980, and annual liability is more than \$5,000,000, which will be increased after June, 1923, to more than \$7,000,000 yearly.

Grand Trunk's request that it be relieved of G.T.P. property and management should be transferred to the people of Canada.

Directors 3000 miles away cannot control the G.T.P. property and management should be transferred to the people of Canada.

Minority Report.

Government control until railways become self-supporting, upheld as better than public ownership.

Railway commission should control maximum and minimum rates, issuance of securities and building of new lines.

Board of five trustees should act for government in following program:

(a) Relieve Grand Trunk of obligations to Transcontinental.

(b) Require Grand Trunk to lease C. N. R. properties east of North Bay and Parry Sound.

(c) Limit C. N. R. operations to west of Winnipeg, government trustees to lease eastern lines of C. N. R.

(d) Require the C. N. R. to lease and operate G. T. P. and branches.

(e) Lease lines between North Bay and Winnipeg (C.P.R. excepted) to C.N.R., Grand Trunk or other qualified company, requiring the lessee to maintain and operate the lines.

(f) Each of above leases to be for 21 years, but terminable by either government or company at the end of 10 years on equitable terms.

Extension of G.T.P. and C.N.R. into unproductive fields was possible thru enabling legislation and government credit only.

Outlay on G.T.P. not justified by prospective business.

Grand Trunk, if relieved of G.T.P. burden, should be profitable.

C.N.R. is economically built, the line from Yellowhead to Vancouver may be unnecessary.

FOE MOVES UP HUGE GUNS TO CANADIAN LINE

Germans Show Great Alarm Over Recent Thrust Toward Douai.

HUN PATROLS JUMPY

Every Move in British Ranks Causes Host of Aid Signals.

Canadian Headquarters in France, via London, May 2.—The enemy is now thoroughly alarmed over our thrust toward Douai from Vimy Ridge and he has increased his artillery fire on this part of the front. He is expending projectiles more freely now than at any time since our advance began. Among the new guns he has brought up is a long one of fourteen inches calibre, probably originally meant for battle cruisers of the Hindenburg class. Shells fired from it appear to be of fairly recent make, although others of smaller calibre that were used a short time ago were armor-piercing, which would indicate a scarcity of ordinary high explosive ammunition.

Fee Baited in Air. This morning airplanes on our corps front temporarily blinded the enemy by destroying four of his observation balloons, while maintaining vigilant guard against enemy planes. Bright sunshine has resulted in a great increase of aerial activity. In a pitched battle near Douai five British planes sent five of the best German fighting planes crashing to earth without themselves sustaining any loss. There is now greater confidence that, as the season advances and the armies move out to the level country where aerial observation is vital to success, the British airplane supremacy is beyond doubt.

Enemy patrols in the region between Arleux and Fresnoy are very nervous, and call for aid from their artillery at the slightest sign of abnormal activity on our front. They are clearly apprehensive of an attack on Fresnoy.

The Germans attempted to raid our lines last night, but failed to reach them. Some casualties were inflicted by us.

BRITISH HARASS TURKS BY GAZA IN PALESTINE

Bombard Enemy, Dispersing Working Parties, Blowing Up Munitions.

London, May 2.—Considerable activity by British infantry and cavalry patrols in Palestine, near Gaza, is reported in an official statement today. The Turkish positions have been both raided and bombarded. The statement is as follows: "In the neighborhood of Gaza there have been patrol actions in which our infantry and cavalry have been successful. During our bombardment we dispersed enemy working parties, and blew up an ammunition dump."

Artillery Engagements Mark Western Front's Activities

Berlin, May 2, via London.—The official communication issued this evening says: "In the western fighting fronts there were artillery engagements of varying intensity."

GREATER BARGAINS AT DINEEN'S.

Three days more only of the Dineen Fire Sale. Unheard of bargains in furs, millinery and men's hats and gentlemen. The particular feature of today's selling will be Silk Sweaters, regular \$10, for \$4.95. Read the large advertisement in this morning's World, and visit Dineen's, 140 Spungo street.

Collars, Towels, Sheets, Mask, Apkins, Linens, Jewelry, Verware, Stationery, Ivory, Drug, Soap, etc.