

# Canadian Railway and Marine World

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## The Minister of Railways' Annual Statement on Canadian National Railways Etc.

Hon. J. D. Reid, in speaking in the House of Commons, Mar. 30, said: In presenting the Railways and Canals Department estimate for the forthcoming fiscal year, I desire to place before the house a statement dealing with the operation of the Canadian National Rys for the calendar year 1919. The Canadian Northern was merged with the government railways in Dec., 1918, so that we are now in a position to review one completed year of operation under non-political and purely business auspices. The national system, with which we are now dealing, comprises the following lines:

Canadian Northern system .....	9,479 miles
Intercolonial .....	1,592 "
Prince Edward Island .....	278 "
National Transcontinental .....	2,002 "
Branch lines .....	376 "
Total .....	13,727 "

**Operating Results**—It is unfortunate that abnormal economic conditions, the disturbing effects of which are world-wide, and beyond the control of any railway management, whether a public or private, should have prevented a better showing for the first year of large scale national operation, but the result when closely analysed, is not without hope for the future of government ownership and operation.

Briefly stated, the national system, comprising the Canadian Northern, the Intercolonial, and the Transcontinental, earned \$94,000,000 during the year, or almost \$12,000,000 more than during 1918. But even with the \$12,000,000 increased earnings, the operating loss is \$14,000,000, made up as follows: Canadian Northern, \$6,500,000; Intercolonial and Transcontinental, \$7,500,000.

The explanation of this is that during the year the operating expenses advanced from \$84,000,000 to practically \$108,000,000, an adverse increase of nearly \$24,000,000. For the most part, this was due to advances in wages under the Mc-Adoo award and supplements thereto, which were not offset by corresponding increases in rates. There was no rate increase during 1919. Given the same operating costs as 1918, the earnings for 1919 would have taken care of them and provided in addition \$9,000,000 towards meeting fixed charges. These interest obligations in themselves amount to \$19,000,000, and, singularly enough, a comparison of the payroll of the national system for the two years shows an increase of practically \$19,000,000 in wages alone during 1919.

The operating loss of \$14,000,000, and the consequent failure to provide for fixed charges, is really a reflection of conditions which obtain all over the world as a result of the war. Comparisons are seldom conclusive, but sometimes they are illuminating, and, in passing, I am reminded that in the United States, where economic conditions so closely approximate our own, the lines taken over by the government for operation during the war are reported to

have failed in two years by over \$700,000,000 to earn the net revenue which the government guaranteed them when taken over by the U.S. Railroad Administration.

**Passenger and Freight Traffic**.—Although the freight earnings of the National system show an increase in excess of \$2,500,000 for the year, there was a falling off in freight handled amounting to 3,000,000 tons. This was due in part to the stoppage of munition shipments on cessation of hostilities, and four-fifths of the decreased tonnage was on the old Canadian Government system, which formerly handled so much war business. There was a noticeable falling off also in westbound business, due to unsettled conditions in the period of transition from war to peace. That there was an increase in freight earnings at all is attributable to the increased rates put into effect during 1918. Had the volume of freight handled during the preceding year been maintained, the increased freight earnings would have amounted to \$7,500,000 instead of \$2,500,000. Thus the return of the world to a peace basis may be said to have cost the national system \$5,000,000 in freight revenue during the year 1919. But no one will say it was not worth while.

The national system carried 11,500,000 passengers during the year, an increase of about 1,750,000. Additional services and the return troop movement helped to swell these figures. Total passenger earnings increased from \$14,000,000 to a little less than \$22,000,000. About \$1,500,000 of this increased revenue is attributable to the 10% increase in passenger rates granted during 1918, and in effect for the first time for the full year. The coupling up of the Canadian Northern and the Canadian Government railways has resulted in an increase in better paying long-haul business, and the management has every expectation that this business will be maintained, notwithstanding the completion of troop movements.

**Operating Costs**.—I shall try not to weary the House with an endless procession of figures, but as briefly as possible call attention to their significance, and then append to this verbal statement detailed statistical information, which could appear as appendices to these remarks, and thus receive the leasured scrutiny which their importance warrants. The tables to which I refer differentiate between Canadian National and former Canadian Government lines, and, as well, give the totals for the entire system, with which I have been dealing. They do not, however, include the Grand Trunk Pacific, which, pending the taking over of the Grand Trunk system, has been operated as a separate entity. As receiver for the Grand Trunk Pacific, I intend in due course to present a detailed report of the operation of that line for 1919, though I shall refer briefly to the results

of that operation at a later stage of my present remarks.

The operating revenue of the national system was more than \$93,000,000. The wage bill for the year exceeded \$73,000,000, having, owing largely to the Mc-Adoo series of advances, jumped from \$54,000,000 in 1918. In other words, out of every dollar of revenue earned, 78c passed directly, by way of wages, to the employes.

**Labor Conditions**.—The cessation of hostilities appreciably relieved the labor situation and enabled a start to be made on overtaking considerable maintenance of way and equipment work which had been deferred under war conditions. An extra large number of tie renewals were made, which at the higher price and higher cost of labor, made a large item; also relaying of rails which could not be gone on with during the war, added to operating expenses. Special locomotive, car, and work equipment repairs were undertaken with a view to keeping in service as much equipment as possible, so as to avoid purchase of new units at the extraordinary high prices to which I shall refer later.

It is to be remembered then, in dealing with the operating expenses for the year under review, that such deferred maintenance work as has been done, amounting to over \$5,000,000, is included in the year's operating expenses, and to that extent has increased the deficit. There is still a large amount of deferred work to do, which will add to the operating costs for 1920, but it is satisfactory to know that all the work which is being done is increasing the physical value of the property, as well as making for higher efficiency and economical operation.

The position of the 55,000 employes of the national system was materially improved during the year. They worked on the average a shorter day, and capital expenditures for the year included large items for the improvement of their housing and working conditions. In 1914 the average wage per year of railway employes of Canada was \$700; in 1919 on the national system it was \$1,447. The relations between the management and the employes have been very satisfactory. Since Canadian Railway Board of Adjustment No. 1 was established in Sept., 1918, Canadian railways have been remarkably free from serious labor troubles, and although the national system then comprised 35% of the mileage in Canada, the grievances arising therefrom amounted to only about 16% of the cases before the board. It is hoped that this board, which is comprised of six representatives of the large railway labor brotherhoods and six railway officers, will be maintained, so that differences of opinion may continue to be settled by round table conference rather than by more expensive uneconomic and inconvenient methods.

**Betterments**.—Important progress was made during the year in improving the