

railway mileage in proportion to its increase in population to such an extent as Canada has. If we look back to 1870 we find that there were then 2,270 miles of railway in this country, and that there was a population of something over 3,000,000. Coming to 1925, we find that we had 42,600 odd miles of railroad, with a population of 9,000,000. In other words, while our population increased three times, our railway mileage increased twenty-one times. That is one of the fundamental difficulties that have brought in their wake many other problems which are now confronting the Canadian people and Canadian railways.

As time went on, efforts were made to bind together the various provinces of Canada that had entered into a bond or agreement known as the Pact of Confederation. In order to fulfil the destiny intended by the Fathers of Confederation, it was necessary to bind together all parts of this Dominion by railroads. The State undertook the building of a transcontinental railway, but failed, and subsequently private interests, private initiative and vision succeeded.

Later on, when that great venture was emerging from the experimental stage and developing into a success, other far-sighted, energetic men thought there was room for more railroads, and I think it is true that it began to be whispered about among the people, especially in Western Canada, where great development was occurring, that competition was the life of trade and that competition in railroads was absolutely essential to the well-being of the people. It was not very long until the people who were fed and taught that propaganda came to the conclusion that there must be competition, and the building of other railways began, with the result that there was an epidemic of railway construction, which went on until 1912 or 1913, when it slowed up.

Some criticism has been levelled at the original railroad in Canada because of the assistance that was given to it in the way of lands and other concessions. I may point out to all interested that this is not at all unusual; that it has occurred on the North American continent wherever it became necessary to penetrate unsettled sections of the country by railroads for the purpose of colonizations. I took occasion when in Washington not long ago to ascertain what had happened in that country with regard to its railways extending from the Missouri Valley to the Pacific Coast. I found that between 1860 and 1897 no less than 195,000,000 acres of land, an area five times as large as the State of Pennsylvania, had been handed over to railroads as subsidies for building in

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a country comparable to that through which the railways of this country built, and in addition to that there was record of \$67,000,000 of cash subsidies, and there may have been more.

So we find that our transportation systems have been built up, in the first place, by grants of large tracts of land which were at the time valueless, but which, by the time other systems came along to provide that competition, so necessary to the welfare of the people, had acquired a substantial value. The other railroads thus found themselves in possession of lands far more valuable than those granted to the pioneer railroad of this country.

Coming to a later date, we find that about 1902 or 1903 the Parliament of Canada, realizing that there should be some governmental control over the activities of our transportation companies, of which there were several at this time, and which were developing into large concerns, passed the Railway Act and established the Board of Railway Commissioners to exercise some supervision over railway affairs, the rates charged for public service, the equipment used, and the safety of the public and of employees. For some seventeen years, down to 1921, the operations were automatic. Every complaint that the public had was taken to the Board of Railway Commissioners if it was otherwise impossible to adjust it satisfactorily, and the judgments and decisions of that honourable body possessing judicial powers, came to be respected, and public confidence in it grew from year to year. Public confidence had become so implicit that the people would accept without question almost any statement that might emanate from the Chairman of the Board of Railway Commissioners. But in 1921 a tragedy occurred, affecting a large number of people in this country. I want to refer to it specially because in my opinion it is the basis of the difficulties and the serious problems that now confront Canadian railroads, and indeed the Canadian Government.

I have said, and I think truly, that during that seventeen year period the confidence of the people in the Railway Commission grew in strength. It so happened that after the war broke out the cost of everything entering into railway operation increased. It was the experience of all citizens that their cost of living increased. Whether a man was operating a factory or a railroad, he had the same experience, and on to 1920 there were substantial increases in the cost of operating all railroads—increases in the wage bill and in the cost of material, equipment, ties, coal, everything that railroads used. During that