

The C.N.R. is organized and operated as a business corporation, with the same kind of management procedures as may be found in any private enterprise undertaking. Nevertheless, it cannot escape from the implications of its history nor the obligations and burdens which had to be assumed in the public interest and because of the manner in which the C.N.R. system came into existence. As a consequence, the contribution of this great organization to the nation cannot be adequately evaluated by reference only to the profit and loss standard.

Let me take you back for a few minutes to the formation of the Canadian National System. It was evolved out of the chaos during and after World War I, when the Government was forced to take over three large railway systems - The Canadian Northern, The Grand Trunk, and The Grand Trunk Pacific - all of which were insolvent, and each of which was composed of many constituent and subsidiary companies. In one form or another, the Government also had on its hands the Canadian Government Railways, including the National Transcontinental and the Inter-Colonial. Thus, in 1923, formal arrangements were made for the operation under one unified system of management of all of these railways and their associated enterprises, meaning for all practical purposes the physical amalgamation of well over three hundred separate incorporations. It should also be recalled that the taking over of these private enterprise railway systems represented at that time no plan in terms of socialism or public ownership. It came about simply because of the imperative need that the railways continue to run and also because a default in their outstanding financial obligations (many guaranteed either by a Province, or Canada, or both) would have been a serious blow to the credit standing of Canada itself in the money markets of the world.

Clearly then, this first stage of this huge undertaking, the period 1923 to 1931, might well be called the "Formative Period". It was a time when the amalgamation was being worked out, and the dynamic personality of Sir Henry Thornton was being felt as he breathed the challenge of a new vision into the organization. It was a period of glamour and high hope. The energy and enthusiasm which were applied to the problems of integration, rehabilitation and growth, created a fresh atmosphere and generated confidence in the minds of the public and employee alike.

This period of expansion, however, came to an end with the 1929 depression and the eventual departure of Sir Henry Thornton. This set the stage for the ushering in of the "Caretaker Period" which commenced in 1931.

The catastrophic effects of the 1929 depression on the C.N.R. can be highlighted with the figures for Operating revenues which fell from roughly \$305 millions in 1928 to \$148 millions in 1953. The number of employees declined from