

pencil in hand and added together the joint mileages of the Canadian Northern, Intercolonial, National Transcontinental, Grand Trunk and Grand Trunk Pacific Railways in Canada and the United States; he has likewise added the number of locomotives and cars of all descriptions, tons of freight carried on all systems and has concluded the Canadian National Rys. are, or will be, the greatest railway system in the world. I do not dispute his figures as to mileage, and I do not imagine it is of much public importance whether the gross earnings of the combined systems are greater or less than the C.P.R. Up to the present, they are less, although the mileage is greater, but I do say that the test of the best or worst railway is not necessarily determined by mileage, and 'best' and 'biggest,' are not necessarily synonymous terms. Companies must stand or fall on the character of the service they render, and if one railway's service is consistently better than another's, if its officers are more efficient, its service more expeditious and its business transactions with the public more satisfactory, it is the railway which will be rightly regarded as the best, whether its mileage be somewhat more or somewhat less than its rival's.

"The Canadian National Railways and ourselves are confronted with conditions of operating which are almost without precedent, and which, with the largest measure of support we can both receive, still render these operations extraordinarily difficult. We both appreciate that the people is a jealous and exacting mistress, but we also know that the public is a generous and persistent friend, once its confidence is secured. We know, too, that no sentiment will control the success of our efforts. Heretofore in Canada there has been, I think, a prevailing decency in competition, which has been encouraging. I have no reason to expect that that will change, or that the Canadian National Rys. to further its interests, and extend its business, will be any less reputable than those taken by the C.P.R. or by the Canadian Northern, the Grand Trunk, or any other system, which is now consolidated, or to be consolidated into the Canadian National Railways, but there is always the danger of political methods being adapted to the business of railroading, and political influence being used where business methods fail to accomplish the desired result. I was very glad to read Mr. Hanna's strong plea for independent administration, which means business administration, because I would dislike to see post offices, docks, and public works and institutions of all sorts made dependent upon whether the community desiring them gave support to the Canadian National Rys. If that happened, we might have to establish libraries, hospitals, theaters and parks, in order to meet that new and peculiar political railway competition. The foundation of competition should be the same. The legislative control of parliament, the regulatory control of the Board of Railway Commissioners should be the same in respect of all railways operating under the federal jurisdiction. This is not the case as yet, the government having reserved by statute special rights to the Canadian National Rys. not enjoyed by private companies, and withheld it in certain particulars from the Board of Railway Commissioners' jurisdiction, but I am hopeful that in time this will be remedied. The ac-

counting methods and financial returns of all companies should likewise be absolutely identical. Given these essential premises and the Canadian National Rys. the independent administration which their officers desire, and you will see railways competing in this country under conditions which will stimulate their efforts and redound to the advantage of all those who do business with them. Whether these conditions will prevail, I cannot say, because the almost irresistible inclination of those who supply the money is to demand a voice in its expenditure and in the management of the institutions for the financing of which they are responsible.

"I do not pretend to speak for the Canadian National Rys., but no doubt, as in the case of the C.P.R., large sums are required to complete work that has been heretofore impossible to undertake, and to extend facilities to meet the rapidly increasing needs of the country. Neither of us can stand still; we must progress if we are to receive our fair share of the country's prosperity. In order to do this we must have money, and money can be obtained only in two ways, by stock or bond issues, or by revenue. Operating increases cannot be taken care of by the former. The extraordinary recent costs of maintenance and operation can be met only in one way and that is by increased revenue to the companies, and in this we need the sympathetic support of the people, who demand a high standard of railway operation and railway service which can be secured only, in view of the prevailing high prices, by paying a transportation charge at least equal to the increased cost of operating. You are all aware that in 1918 railway wages were increased in Canada by an amount aggregating \$77,000,000, an amount greater than the interest on the whole of Canada's war debt; the rates were at the same time increased and they brought in \$43,000,000 additional revenue to the companies; in other words, the increase in rates failed to equal the increase in wages by the enormous sum of \$34,000,000. There can be only one end to that condition, unless the revenues are readjusted to meet these increasing costs. While rates will have to be again increased, they cannot be increased indefinitely, and our great struggle from now on will be to reduce costs in order that in time rates themselves may be lowered. There are only two ways of reducing railway rates; one is by large increase in the volume of traffic, and the other is by decreased cost in the carrying of traffic. No ordinary increase in business will be sufficient to take care of the extraordinary increases in the cost of labor and material which the railway companies have experienced in recent years. I know that you, gentlemen, are very well informed on the subject of railways. I know that many of you are, or have been, persistent users of the railways, that you have competent critics, and that you have come in contact with their operations in a more intimate way than most citizens of this country. You will I think be the first to appreciate the accuracy of my statement when I say that at no time in the history of this country has there been more need for an appreciation of the problems of the railways and more need for support to the railways than now.

"There is little if any, merit in that old time aloofness with which railway companies dealt with the public. The

C.P.R. is a citizen of Canada, not the first citizen of Canada, but one of the most corpulent. Its problems are the problem of Canada; it has a grave interest in the economic and industrial future of Canada. I can imagine nothing which concerns Canada's progress that does not concern directly, or indirectly, the C.P.R. It is, therefore, proper in its own interest and that of its shareholders, that its officers should take an interest in its commercial and trade problems, and further the solution of them to the best of their ability. It is equally proper that Canadians should concern themselves somewhat with the problems and administration of the C.P.R., and there is no occasion, so far as the C.P.R. or any other railway, is concerned, for the people to regard them as soulless corporations, when their stake in the country is so great, and their interests and your interests so much in common. There is always in the minds of some people a mystery in the existence and operation of any large corporation, whether government owned or privately owned. It is supposed to conceal within the walls of its offices machinery for many things not directly connected with its enterprise. Nothing could be further from the facts. Being public utilities, they are open to more criticism than other institutions. Their affairs are more public and their officers better and more widely known. They are easier to understand, though they are huge in size, and their ramifications are great. Since 1904 Canadian railways have been required to justify every rate, act and practice which affected the public or the public interest. Can this be said of any other enterprises?

"The problem of increased costs practically brings the railway companies in common position with other Canadian citizens. The cure for it is greater production and trade expansion, hard work and thrift. It sometimes seems to me that we lose sight of the very fundamentals on which the prosperity of this country has been heretofore based. The foundation of our economic stability rests upon perseverance, work and the rewards which come from it. We have no more right to expect to receive high wages and high compensation unless we can give an adequate return in service, than we have a right to expect to appropriate and keep what does not belong to us. The necessity is preached from one end of the country to the other, and it cannot be preached too often, because unless it is practiced this country will not enjoy its share of the world's prosperity and will not be able to meet the very disquieting conditions which have resulted from the economical upheaval of the last five years. Heads of financial interests see it, and advise economy of all kinds. Individuals appreciate it and to some extent are practising it. Governments, federal, provincial and municipal, must also see it, and practice it, or else hard times will succeed our present era of prosperity. It has always seemed to me that hard times do succeed any era of great spending or extravagance, and it is a serious commentary on the common sense and sanity of people that it is necessary for the realization of these consequences to be obtained by experience, instead of by a careful appreciation of the trend of events, and by modification and prudence anticipate and prevent the natural consequences of extravagance and