

Canadian Pacific, government aid to Grand Trunk, government aid to Grand Trunk Pacific, total public investment, proportion of public investment, and historical development and growth of Canadian railways.

Part II. deals with the Grand Trunk System, the chapter headings being: G.T.P. Finance, Grand Trunk Liability for G.T.P., Grand Trunk Co.'s Proposal, Grand Trunk Case, Inception of the National Transcontinental, Letter from the President of the Grand Trunk, Hearing of Grand Trunk Officials at Montreal, G.T.P. Case, Commission's Conclusions, Parent Grand Trunk Co., Grand Trunk Maintenance Expenditure, Grand Trunk Capital Expenditure Required, Effect on Canadian Business, and Commission's Recommendation.

Majority Report Divided Into Six Main Parts.

The Canadian Northern System is fully dealt with in Part III., which reviews the C.N.R. position in 1914, the annual report for 1916, C.N.R. estimates for 1914 and 1917, comparison with Canadian Pacific, prospective requirements of C.N.R., value of Canadian Northern undertaking (1. cash investment; 2, physical basis; 3, going concern), and conclusions as to Canadian Northern.

Possible methods of public control are reviewed in Part IV. of the report and government operation is discussed and rejected. An obstacle created by the Canadian Pacific position is discussed. Receivership is considered but rejected and transfer to a new body is recommended. Suggested transfer of all railways to the Canadian Pacific or of a whole or portion of the C.N.R. to Canadian Pacific is discussed and rejected. The possibility of forming a commercial company along the lines either of the Mexican precedent or the New York Subway precedent is considered but not favorably. "Canadian Railways Should Be Under Canadian Control," is the title of the last chapter of this part.

The longest portion of the report is Part V., outlining the Dominion Railway Co. The headings of the chapters in this part of the report are as follows:—

Dominion Railway Organization Recommended.

Government Operation Not Recommended, Recommendation of Independent Board of Trustees, Constitution of Board and Tenure of Office, Board to be Non-Political, Board to be Permanent and Self-Perpetuating (including a review of Australian experience), Railways Not a Proper Subject for Direct Parliamentary Control, Growth of Extra-Parliamentary Functions of the State, Private Interests and Public Interests, Control of Dominion Railway by Railway Commission, Relation Between Trustees and their Employees, Incorporation of the Dominion Railway Co., Transfer of Stock to Trustees, Transfer of Railways to Trustees, Canadian Northern Shareholders, Charges of Misappropriation Unfounded, Canadian Northern Successes and Failures, Arbitration Recommended, Grand Trunk Shareholders, Terms of Purchase Recommended, Real Value of Grand Trunk Property, Intercolonial and National Transcontinental, Transfer of National Transcontinental Recommended, Transfer of Intercolonial Recommended (1, in the local interest; 2, in the general interest; 3, in the interest of good management), Minor Recommendations, Legal Position of Trustees, Operation of Dominion Railway Co., Finance of Dominion Railway Co., Operation to be on a Commercial Basis, Wide Powers to be Given to Trustees, Financial Responsibility of Government, Prospects of Dominion Railway, and Specimen Economies Resulting from Combination.

The sixth and last portion of the report touches briefly upon a wide variety of subjects kindred to the main investigation. It advocates railway commission control of the Dominion Railway Co., and suggests that the commission's jurisdiction be enlarged to report on new charters and on subsidies and guarantees. Overlapping of Dominion and Provincial control is condemned. It is recommended that a running audit be made of the Dominion Railway accounts and that the accounts be published in clear form, so that the taxpayers will know exactly where the government stands.

Railway councils similar to those held under the German system are recommended for future organization. Railways in excess of existing requirements are discussed. Attention is called to the necessity of improvement of highways as feeders to the railways. The Hudson Bay Railway is discussed and practically condemned. The commission were asked to report on steamship connections, but have not touched upon this subject on account of the very short time at their disposal and the complete revolution in the shipping trade caused by the war. The public is warned that the tendency of railway rates is to rise rather than fall. The report ends with a strong plea for immediate action.

The following are the conclusions and recommendations contained in the report as officially summarized by Sir H. L. Drayton and Mr. Acworth:—

Summary of the Drayton-Acworth Conclusions and Recommendations

1. The mileage of Canadian railways is very great in proportion to the population of the country. It has increased out of proportion to the increase of population.
2. Canada's natural waterways make railways less absolutely necessary than in other countries.
3. The net return is so low as to prove that more railways have been built than can be justified on commercial grounds under present conditions.
4. The public investment in railways is very large. The total amount of public capital involved in direct construction of Government lines, and cash aid, land grants and guarantees to private companies, is \$968,451,000, not counting the value of lands still unsold.
5. Public aid to the principal companies, including subsidies, land grants, and guarantees, amounts to over \$680,000,000. In the case of the Grand Trunk Pacific it amounts to nearly two-thirds of the total investment; in the case of the Canadian Northern to over three-quarters.
6. There have been three phases of company development: (1) Unaided enterprise, (2) assistance by subsidies and land grants, (3) assistance by guarantees. A guarantee policy is dangerous and its wisdom questionable.
7. The development of Canada justified two trans-continental lines. It did not justify three. The Grand Trunk and Canadian Northern should have been amalgamated.
8. The Grand Trunk Pacific system has cost nearly \$200,000,000. The interest charges amount to over \$8,800,000 per annum. The net income last year was \$826,653. The liability of the Grand Trunk Company for interest amounts to over \$5,000,000 per annum at present and will rise to over \$7,000,000 in 1923.
9. We cannot recommend that the Grand Trunk Company be unconditionally released from their liability. The responsibility for the National Transcontinental line