

submit to the House before I close, and which was supplied me by the Board of Management who have charge of the operation of the National Railway system. Before going into the matter it would be well perhaps to explain how the operation of our National Railway system is being carried on. When the Government took over the Canadian Northern system and connected it up with the Intercolonial and Transcontinental railways, a policy had to be decided on as to how the roads would be managed, the Prime Minister of Canada, Sir Robert Borden, announced to the House and to the public what that policy would be. His announcement appears in Hansard, of the session of 1918, May 15, page 999, when, speaking of the management of these railways, he laid this down as his policy.

As to the immediate future, I have already said that we do not intend to operate the Canadian Northern Railway system directly under a department of the Government; it is our intention to operate it for the present through the corporate machinery by which it has been operated in the past. There will be a reconstituted board of directors. We shall endeavour to get the best men we can and we shall not interfere with them. We shall leave the administration and operation of that road to be carried on absolutely under that Board of directors and we shall use every means available to the Government (and if necessary, we shall come to Parliament for that purpose) in order that anything like political influence, political patronage, or political interference—I am using the word political in its narrower sense—shall be absolutely eliminated from the administration of that road.

That was the policy laid down by the Prime Minister, and in accordance with it a board was constituted and has been in charge of the management of Canadian National railways from its organization up to the present time, and the operation has been carried on quite independent of the Department of Railways and Canals.

I regret they were not able to submit a statement as satisfactory as I would like. A year ago I announced the deficit for 1919 as \$47,993,312. When final figures were available the actual loss was found to have been \$48,242,536

Mr. FIELDING: Does that mean in operation only?

Hon. Mr. REID: No, that is operation and fixed charges. My statement explains these matters in detail. After I get through, if there are any questions I shall be glad to answer them.

When I made my annual statement of the operation of these roads a year ago I believed from discussions I had with the management I would be able to advise the

House this year that the deficit of 1919 had been reduced in 1920. Instead of a reduction I must inform the House that the loss in operation alone for the year ending December 31st, 1920, is much larger, and is as follows:

Canadian Northern.. . . .	\$16,258,579 80
Canadian Government.. . . .	10,449,876 43

Total operating deficit of the Canadian National Railways:	26,708,456 23
To which we add the operating deficit of the Grand Trunk Pacific, which since Aug. 23rd last has been under management of the Canadian National Board, amounting to.. . . .	10,134,513 94

Making a total operating deficit of.. . . .	\$36,842,970 17
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To this must be added the interest on bonds, etc., or what are called fixed charges and which have been paid or assumed by the Government, and are as follows:—

Canadian Northern.. . . .	\$24,155,988 48
Grand Trunk Pacific.. . . .	9,332,776 23

Making the total deficit for operation and fixed charges..	\$70,331,734 88
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And this does not take into consideration any interest or fixed charges on Transcontinental or Intercolonial railways.

A Canadian National income credit, which will be shown in the statement of detail, reduces this sum to \$69,593,441, which is the loss on operation and fixed charges for 1920, as against 48 millions in 1919. The management explain this increased loss of twenty millions chiefly by increased expenditures in pay-rolls and fuel.

In carrying on maintenance the management explain that the cost of many materials and supplies had increased very much over 1919. They also state that prices of equipment such as locomotives and cars advanced very greatly, all of which have added, and will continue to add, to the cost of operation. In a word, out of every dollar earned we had to pay 75 cents for operating wages, and 20 cents for fuel, leaving 5 cents for all other requirements which totalled 29 cents.

The mileage operated by the Canadian National management last year was as follows:—

	Miles
Canadian Northern.. . . .	9,859'78
Intercolonial Railway and branches.	2,221'86
Transcontinental Railway.. . . .	2,006'58
Quebec & Saguenay and St. John & Quebec.. . . .	234'07
Grand Trunk Pacific.. . . .	2,732'40

Total at end of 1920.. . . .	17,054'69
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