

necting up of the Grand Trunk lines will give direct access to eastern industrial centers, especially in Ontario. Western Canadian business originating on Grand Trunk lines will no longer require to be split into three but can go forward in one long haul over all-national lines, and, vice versa, the G.T.R. will benefit from a large amount of additional business from our western lines which it could not obtain except as a member of the national system.

Fear has been expressed that Halifax and St. John might suffer as a result of the government taking over the G.T.R. The people of Eastern Canada need have no fear of this, for the reason that these are the terminals of our immense railway systems and have been for many years. They have been greatly improved, and in the operation of our national system, more especially in view of the ocean tonnage we now control, these ports will become increasing, rather than diminishing, factors in the Canadian railway situation.

The connecting up of the G.T.R. lines will mean that 52% of the entire railway mileage of Canada will have passed under government control. This will permit of economies in operation, where the two systems have been maintaining parallel lines and duplicate staffs, and, as already pointed out, there should be compensating advantages to the Canadian Northern, the Intercolonial and the Grand Trunk as well. I wish to point out, however, that, in speaking of advantages, I am referring to the G.T.R. lines only, not the G.T.P. or the Transcontinental Rys. These last named colonization roads, built as part and parcel of the G.T.R., are bound to be unprofitable for many years to come. The loss on operation of the Transcontinental last year was \$2,735,000. This was included in the Canadian National figures already referred to. But there is also the Grand Trunk Pacific, which the government found on its doorstep in Mar. 1919, and as to the operation of which I shall have to make a separate report, as the figures form no part of the national system figures with which we have been dealing. But to make my present statement complete, I desire to point out that the G.T.P. for the year ended Dec. 31, 1919, showed an operating loss of \$5,500,000. To this must be added fixed charges of \$8,500,000, making a total deficit of \$14,000,000, an increase of \$3,500,000 over 1918. The reasons for this increase were set out in a communication from the General Manager to myself as receiver, and these will be dealt with at the proper time.

Personally, I do not think it will be possible for many years to make the expenses of operating these colonization roads, nor do I think it fair that they should be expected to make the showing we look for from the Canadian Northern, the Intercolonial or the Grand Trunk proper. Therefore, I think the annual loss on these railways should not be added to the net deficit of the Canadian National Rys., for purposes of comparison, and I have instructed the management that the operation of these systems must be shown separately at the close of each year, so that when comparisons are made between other systems and our government system, the comparison may be a reasonably fair one.

**Hudson Bay Railway.**—There is one more railway which was commenced and which has not been completed, viz., the Hudson Bay Ry. For the information of

members, I may say that the government has decided that no more work shall be done on it during the coming year. It is the intention to use every effort to extend branch lines into districts where settlers are much more in evidence and in much greater need of railway communication. The Hudson Bay Ry will therefore stand until financial conditions will permit of its resumption.

In conclusion let me say there was a time, not long ago, when the government system was largely a local carrier getting the short end of business that goes with the short haul. The longest haul it could hope for was from Halifax or Sydney to Montreal, and vice versa. And in competing with the Grand Trunk for Montreal business offering to the seaboard, we could charge only the Portland rate, though the Intercolonial mileage to Halifax was 841 as against the Grand Trunk's 297 to Portland. Similarly, the C.P.R. had the advantage of its comparatively short haul of 481 miles to St. John, and for business originating at the Intercolonial chief terminal, Halifax (it had to compete with this same highly organized and stronger competitor, whose agents were always active abroad and whose ships were ever on the seas. But a change has come over the scene. Now the government system itself bestrides the continent, with branches reaching, for the first time, into productive centers and with terminals upon both eastern and western oceans. The story of the Canadian Government Merchant Marine has been told by the Minister of Marine, and at last we also have our ships upon the seas, and our agents abroad will actively compete for international trade. Keen competition, 'adroit, persistent, aggressive and fair,' is promised by the C.P.R. President, who expresses the hope that both their own systems and the national may in future work in common for the advancement of the country. He says there need no longer be controversy, but that there will always be keen com-

petition. That is what the management of the national system expects and welcomes. I am told that the nationalization of the Canadian Northern has made no difference in the morale of the employees of that road, that they are as keenly alert as ever and "on their toes" to make government ownership and operation a success. We expect the employees of the G.T.R. systems will co-operate with equal loyalty, and the government in turn will spare no effort to build up a great national railway system able to compete with and maintain the high standard of transportation efficiency reached by the C.P.R. That road may well be the standard against which we may measure the success of government ownership and operation. I say "success" because I am not prepared for one moment to contemplate any other possibility. The national lines, with the G.T.R. included, will comprise a system which will serve every province in Canada, which will be identified with every progressive community, and must continue to perform the major part of the transportation service of the entire Dominion. We have taken steps to remove the government's lines from political interference. Experienced railway men are in charge; they are being given money to improve the roadbed, to buy the best equipment to enable the greatest tonnage to be hauled in a single train. It is the greatest encouragement towards expansion to have this great national system ready and equipped to handle additional traffic as it develops—and it surely will develop. If we imagine Canada to have reached the maximum of development then we shall have planned foolishly, but I, for one, have the faith to feel and the vision to prophesy that this great transportation system is not being prepared to perform this splendid transportation service in vain.

I would like to hand in the schedules I referred to to be inserted in the official report of the debates, so that members may have before them all the details I have mentioned:

#### Canadian National Railways.

Comparative summary of operating results, 12 months ended Dec. 31:					
Operating revenue.	1919.	1918.	Increase.	% Increase.	
Canadian Northern .....	\$ 53,562,177.57	\$47,310,011.91	\$ 6,252,165.66	13.22	
Canadian Government .....	40,179,380.93	34,636,484.67	5,542,896.26	16.00	
Canadian National .....	93,741,558.50	81,946,496.58	11,795,061.92	14.39	
Distribution.					
Passenger .....	21,837,744.47	14,327,355.63	7,510,388.84	52.42	
Freight .....	63,154,773.39	60,550,011.42	2,604,761.97	4.30	
Other .....	8,749,040.64	7,069,129.53	1,679,911.11	23.76	
Operating expenses.					
Canadian Northern .....	60,034,023.92	44,062,949.94	15,971,073.98	36.25	
Canadian Government .....	47,728,205.73	40,028,099.35	7,700,106.38	19.24	
Canadian National .....	107,762,229.65	84,091,049.29	23,671,180.36	28.15	
Distribution.					
Mtce. of way and str. ....	28,476,450.66	19,266,424.83	9,210,025.83	47.80	
Mtce. of equipment .....	19,950,409.17	15,792,342.10	4,158,067.07	26.33	
Traffic .....	1,478,372.41	1,291,721.00	186,651.41	14.45	
Transportation—rail .....	52,914,891.80	44,406,311.93	8,508,579.87	19.16	
Transportation—water .....	782,316.69	319,857.23	462,459.46	144.58	
Miscellaneous .....	1,877,168.08	1,162,311.69	714,856.39	61.50	
General .....	2,282,620.84	1,852,080.51	430,540.33	23.25	
Operating ratio.					
Canadian Northern .....	112.08	93.14	18.94	20.33	
Canadian Government .....	118.79	115.57	3.22	2.78	
Canadian National .....	114.96	102.62	12.34	12.02	
Operating loss.					
Canadian Northern .....	* 6,471,846.35	3,247,061.97	* 9,718,908.32	*299.31	
Canadian Government .....	* 7,548,824.80	* 5,391,614.68	* 2,157,210.12	* 40.01	
Canadian National .....	*14,020,671.15	* 2,144,552.71	*11,876,118.44	*553.84	
Mileage operated.					
Steam .....	13,601.75	13,451.16	150.59	* 1.12	
Electric .....	125.60	62.00	63.60	*102.53	
Total .....	13,727.35	13,513.16	215.19	* 1.58	
Revenue train miles .....	29,633,398	28,555,928	1,077,470	3.77	
Earnings per r.t.m. ....	3.09†	2.82†	0.27	9.53	
Expenses per r.t.m. ....	3.57†	2.91†	0.66	22.66	
Loss per r.t.m. ....	0.48†	0.09†	0.39	433.33	

\*These figures denote decrease or deficit.

†Electric and water lines excluded.

Statement excludes income and equipment items and branch line rentals.