

PRIME MINISTER
BORDEN'S
RAILWAY POLICY.

ing a hearing and upon approval of the proposed Joint Freight Tariff of class rates, Canadian Pacific Ry. C.R.C. B-2459

it is ordered that the application be dismissed.

tion of the application and that the traffic conditions may warrant.

The Prime Minister's Explanation of the Dominion Government's Railway Policy.

The Premier, Sir Robert Borden, made a general statement in the House of Commons May 15, with regard to the whole railway situation in Canada. He reviewed the history of railway development since 1908, at which time the Canadian Northern Ry., which had attained considerable development in the prairie provinces, began to expand easterly and westerly. Since then, not only had the C.N.R. expanded into a complete transcontinental system, but the Grand Trunk Pacific Ry. had been built from Winnipeg to Prince Rupert, and the National Transcontinental Ry. from Moncton to Winnipeg. Having explained the financial legislation which parliament had passed with a view of aiding the construction of these lines, and of safeguarding the country's interests in them, as well as the legislation passed in 1917, with respect to the Canadian Northern Ry., under which arbitration proceedings are being carried on to fix the value of the non-government owned shares of that system—which price is not to exceed \$10,000,000—the Premier outlined the general future policy of the government with respect to the Canadian Northern, the Grand Trunk Pacific, and the Grand Trunk, suggesting the amalgamation of the whole, together with the National Transcontinental Ry., the Intercolonial Ry. and the Prince Edward Island Ry. as one state owned system under independent corporate management.

Pending the completion of the arbitration as to the value of the Canadian Northern stock—the time for making the award having been extended to June 1—

ment, and extra powers will be obtained, if necessary, in order that anything like political influence, patronage or interference shall be absolutely eliminated from the administration of the line.

The government has had under consideration the question as to whether it might not be possible in the immediate future to bring the National Transcontinental Ry., the Intercolonial Ry. and the Prince Edward Island Ry. under the same corporate ownership as the Canadian Northern. The matter has not yet received the mature consideration necessary, but it may be possible and desirable to bring these lines under the ownership of the corporation which will control the C.N.R. system. That suggestion is before the government, and so far as he has been able to give it consideration, it commends itself to his judgment.

With respect to the Grand Trunk Pacific Ry., he regards it as inevitable that, for many reasons, it should be taken over by the Dominion Government. It is a national enterprise to which the credit of the Canadian people had been committed, and it is expedient to sustain it and not permit it to go into liquidation. It is intimately connected with the Grand Trunk Ry. in the east; branches of the C.N.R. system in the west in many cases could be utilized as feeders without any great expenditure, but it is not self-sustaining. The G.T.P. Ry. could not be successfully operated without suitable arrangements with the C.N.R. and with the G.T.R. The G.T.P.R. cannot pay its interest charges, and it is utterly impossible for the G.T.R. to meet the obligations it has undertaken in respect to the G.T.P.R.

a borrowing country, and that if the government were to lay itself open to the charge of acting unfairly or unjustly towards those who have invested their capital in the country, it would lose in the end more than it would gain by any such injustice. So the government will have to act reasonably with the G.T.R., and further, it must be remembered that the G.T.R. has lines and terminals in the United States which are operated in U.S. companies, of which the G.T.R. controls the stock. So the acquisition of the G.T.R. must depend upon negotiations, and the government is conducting such negotiations. For the present they are confidential. The government has made what it considers to be a reasonable offer, somewhat along the lines suggested in the Drayton-Arworth report, but rather more favorable to the G.T.R. That company replied by making a counter offer, which the government could not ask parliament to accept. The government then suggested to the G.T.R. that, failing an agreement, the question of the annual payment be left to arbitration, without any limit being fixed. Whatever sum might be fixed to be paid by the government for a lease of the G.T.R. should be distributed among the holders of the various stocks by the directors of the G.T.R. themselves.

A sub-committee of the government has been dealing with the general railway problems of the country during the past six months, and two of the members of that committee will be in England during the summer. He has some reasonable hope that when parliament is again summoned the government will be in a position to place before it proposals which

JUNE 1918

had been built from Winnipeg to Prince Rupert and the National Transcontinental Ry. from Moncton to Winnipeg. Having explained the financial legislation which parliament had passed with a view of aiding the construction of these lines, and of safeguarding the country's interests in them, as well as the legislation passed in 1917, with respect to the Canadian Northern Ry., under which arbitration proceedings are being carried on to fix the value of the non-government owned shares of that system—which price is not to exceed \$10,000,000—the Premier outlined the general future policy of the government with respect to the Canadian Northern, the Grand Trunk Pacific, and the Grand Trunk, suggesting the amalgamation of the whole, together with the National Transcontinental Ry., the Intercolonial Ry. and the Prince Edward Island Ry. as one state owned system under independent corporate management.

Pending the completion of the arbitration as to the value of the Canadian Northern stock—the time for making the award having been extended to June 1—the management of the line has not been disturbed, except that the government has had appointed three directors. This gives the government access to all the company's documents and records, and such being the case, there is no reason why the actual management should be changed in the meantime. In connection with a reconstituted board, it is not intended that either Sir William Mackenzie or Sir Donald Mann will be members; both had expressed their desire to be relieved from further responsibility after the government assumes full control, but Sir William Mackenzie has offered to make his services available in any way the board might determine, without remuneration or recompense. As to the immediate future, it is not intended to operate the Canadian Northern system directly under a government department, but through the corporate machinery by which it has been operated in the past. There will be a reconstituted board of directors, to which the best men obtainable will be appointed, and the government will not interfere with that board. Every means will be used by the govern-

ceived the mature consideration necessary, but it may be possible and desirable to bring these lines under the ownership of the corporation which will control the C.N.R. system. That suggestion is before the government, and so far as he commends itself to his judgment.

With respect to the Grand Trunk Pacific Ry., he regards it as inevitable that, for many reasons, it should be taken over by the Dominion Government. It is a national enterprise to which the credit of the Canadian people had been committed, and it is expedient to sustain it and not permit it to go into liquidation. It is intimately connected with the Grand Trunk Ry. in the east; branches of the C.N.R. system in the west in many cases could be utilized as feeders without any great expenditure, but it is not self-sustaining. The G.T.P. Ry. could not be successfully operated without suitable arrangements with the C.N.R. and with the G.T.R. The G.T.P.R. cannot pay its interest charges, and it is utterly impossible for the G.T.R. to meet the obligations it has undertaken in respect to the G.T.P.R. It is, therefore, inevitable that the G.T.P. be acquired. As to the method of its acquisition, he has no doubt that the G.T.R. would be willing to hand it over if the Dominion Government would relieve the G.T.R. of the obligations it had incurred. There were several conditions to be taken into account before such a proposal could be entertained, and the government is discussing the whole situation with the G.T.R. management.

If the government took over the G.T.P. R., it would practically involve taking over the G.T.R. as well. He is of this opinion because the G.T.P.R. and the C.N.R. would lack the adequate eastern connections which the G.T.R. would give, and because even if relieved from its obligations as to the G.T.P.R., the G.T.R. has no very bright future prospects. It is very easy to say that the Dominion should acquire the G.T.R., but when the practical problem of how it is to be acquired is faced, it is not quite so simple. While it might be possible to force the acquisition of the G.T.R., it must be remembered that Canada for many years to come will be

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A sub-committee of the government has been dealing with the general railway problems of the country during the past six months, and two of the members of that committee will be in England during the summer. He has some reasonable hopes that when parliament is again summoned the government will be in a position to place before it proposals which will involve the constitution into one state-owned system, all the chief railways of Canada, except the Canadian Pacific Ry. It might be possible, indeed, he thought it probable, that at some later date, all the land transportation facilities of Canada in the shape of railways might, so far as operation is concerned, be amalgamated into one system and carried on under one management.

The Ministers of the Interior and of Immigration, Messrs. Meighen and Calder, will carry on negotiations in England during the summer in connection with the proposal to acquire the G.T. Pacific Ry. and the G.T.R.

Western Grain Unloading at Head of Lakes.—The Board of Grain Commissioners has ordered that all wheat shipped from country points after May 10, must be unloaded into terminal elevators at Port William and Port Arthur, by the various railways, unless permits are granted by the board, to allow unloading at other destinations.

JUNE 1918

Coal, net ton	18.56	1916	1917	1918
Steel rails, net ton	26.00	26.00	26.00	26.00
Track spikes, per cent.	2.50	2.50	2.50	2.50
Angle bars, per cent.	1.85	1.85	1.85	1.85
		3.80	3.80	3.80
		4.80	4.80	4.80
		50.00	50.00	50.00
		51.42	51.42	51.42
		50.11	50.11	50.11
		50	50	50

The results of the operations in the year were as follows—

Net earnings \$1,412,000
 Freight traffic 22,180,000
 Freight earnings 1,412,000
 Passenger traffic
 Passenger earnings
 Profit credit
 Interest, mail, telegraphic, interest
 and profit from operations and other subsidiary operations

The average in lake operated through out the year was 2,596, compared with 2,448 for the previous year. The total charges in operation at the close of the year being \$1,412, an increase of \$124 over the charge in operation during 1916.

The gross earnings were \$4,196,076, an increase of \$8,018,801, or 22.6%, and a gross earnings per mile of the operation were \$4,629.11, against \$4,408.08 the previous year. Net earnings show an increase of \$2,772,784, or 22.5%, and earnings per mile of the operation are \$1,292.64, compared with \$1,194.70 the previous year.

The statement of freight carried shows, with one exception, an increase in the average of all commodities handled. Revenue tonnage increased by 7,887— the average haul increased by 30.98 miles. This is the only commodity which shows a decrease, viz., Lakeland bush, less than the previous year. This is not due to any competitive loss, but from a decrease in tonnage. The increase in the previous year's report. As the increase in tonnage handled in 1916 over 1915 was 23,314, and as the increase of 1917 over 1916 is 123,274, and as the total tonnage handled in the year is 1,412,000, it is felt by your directors on this feature, especially when the decrease in all other commodities are considered. The advantage of a diversified distribution of traffic is shown by the light increase in the ton mile rate, which advanced from 679 in 1916 to 688 in 1917.

Not since 1912 has the annual commodity statement shown so many cars of migrants handled as appeared for the fiscal year under review. European immigration is for the present discontinued and these figures represent the movement of settlers from eastern provinces to some extent, but more largely from the United States—of the most valuable type, iron a traffic producing point of view, is home-seekers from these fields inevitably bring to the country a large equipment, enabling them to become shippers in a comparatively short time.

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The working expenses were 24.7% of the gross earnings of the system proper, and including taxes 27.08% of the gross earnings from all sources, compared with 24.73% and 25.97% respectively last year. The fiscal year under review was a very trying one to railway officials generally, due to the many conditions which combined to increase the working expenses of the railway. Early in the year the coal situation caused your operating officers the greatest concern. In Alberta the coal miners went on strike for three of the best production months, greatly reducing the available supply. Strikes and suspension of work by the contractors on the Pennsylvania and other roads in what Canadian railways depend for their supply from Quebec to the mid-west great limited the output. Many operations plants had increased their operations during the year, and were making additional demands for steam coal. The transfer of lake tonnage to the Atlantic affected the amount of cost regularly obtainable from lake ports, and it was only by the most energetic measures that a supply could be obtained. Under such conditions the price of fuel coal soared upwards—not only was the initial cost increased, but all other costs, such as lake freight, cost of handling, etc., also went up, and due to the displacement of the supply, large expense was incurred in abnormal car movements over the system's lines. Your company was fortunate in having enabled contracts for coal, under which practically all their requirements were obtained, and for this reason did not have to pay the largely increased prices which were put into effect early in the calendar year beginning with July 1, 1917, net operating figures have been seriously dis-turbed on this account—not due more to the much higher price now being paid for fuel coal, but also due to the falling off in the quality of coal obtainable. The prospect for immediate improvement in this respect is not reassuring. All other materials have been similarly affected. The cost of the principal supplies in use by the railway has increased from 60% to over 100%. A few actual increases are as follows—



for the Government.
 The Prime Minister's Declaration of
 Sir Robert Borden, in speaking at the
 Toronto Exhibition directors' luncheon on
 Sept. 9, said: "Questions of great mo-
 ment demand and are now receiving the
 attention of the government. With one
 exception the largest railway proprietor
 in Canada is the Canadian people; and
 the day may come when there will be no
 exception. The acquisition of the Cana-
 dian Northern Ry. system was brought
 about by conditions arising out of the war,
 and, in my judgment, it was the wisest
 solution of existing difficulties. The sys-
 tem comprises about 10,000 miles of rail-
 way, of which more than 9,700 miles are
 in actual operation; and, including the
 \$10,000,000 to be paid for the capital
 stock, the total cost to the country will
 be between \$44,000 and \$46,000 a mile.
 The greater portion of the line runs
 through a country which must develop
 rapidly in the early future. For this rea-
 son its future prospects are more favor-
 able than those of the Intercolonial or the
 National Transcontinental. But if we
 take into account capitalization, the com-
 parison is still more favorable to the re-
 cently acquired system. The government
 system of railways, comprising the Inter-
 colonial, the Prince Edward Island and
 other small railways in the Maritime Pro-
 vinces, embraces a total of 1,941 miles,
 hitherto known as the Canadian Govern-
 ment Railways. It represents a capital-
 ization of more than \$137,000,000, with-
 out including interest. That means a
 capitalization a mile of \$70,666. If, how-
 ever, interest were included (as it has
 been included in the capitalization of the
 Canadian Northern system), the capital-
 ization would exceed \$100,000 a mile.
 Comparison with the Grand Trunk Pacific
 is equally striking. It embraces a total
 of 1,748 miles. The total expenditure
 upon the road, equipment and rolling
 stock amounts to about \$180,000,000, or
 more than \$100,000 a mile. The National
 Transcontinental comprises 1,811 miles
 from Montreal to Winnipeg. The actual
 cash paid out for its construction, without
 including a dollar for interest, is nearly
 \$164,000,000, and if interest is added the
 amount exceeds \$200,000,000 for 1,811
 miles. This represents a capitalization of
 \$92,000 a mile if interest is omitted, and
 over \$112,000, including interest.



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Toronto to Parry Sound Betterments.
Construction gangs between Toronto and Parry Sound, which have been engaged during the summer and autumn on betterments, are finishing up for the season. The work covered the putting in of concrete culverts, concrete abutments for permanent bridges, replacing temporary trestle structures; some new steel bridge superstructures; widening embankments and cuts; improving the drainage at the sides of the tracks; ballasting; enlarging existing buildings and putting up additional buildings. The ballasting has been done at a number of points, the track being raised and levelled up, a number of sags being taken out. A considerable mileage in all has been given a big coating of ballast, and at some points the track has been raised from 3 to 5 ft.

One of the larger bridge structures replaced is at the crossing of the Trent Valley Canal, where the old 120 ft. truss span, which was 28 ft. above water level, has been replaced by a 135 ft. through truss span 35 ft. above water level.

Surveys are reported to have been made at various points on the line between Beaverton and Washago, with a view to linking up the C.N.R. with the G.T.R., so as to do away with duplicate tracks, and provide for an interchange of traffic between the two lines. Some improvement along this line is reported to have been made in the vicinity of Orillia, and it is reported that further work is to be done which will have the effect of doing away with the C.N.R. stub line from Udney into Orillia. A connection between the two lines has been completed at Washago.

Trestle Fill near Parry Sound. — There has been completed on the line between Toronto and Capreol, Ont., a large trestle fill at mile 5.2 north of Parry Sound, the work on which was begun in 1918. The trestle, which was built in 1905, was 925 ft. long, with a maximum height of 60 ft. A 15 ft. concrete culvert was built to take care of the water, which required 1,539 yards of concrete, and a 15 ft. flat culvert under the roadway required 298 yards of concrete. The approximate quantity of material required to fill the trestle was 197,000 yards. The work was done by the Dominion Construction Co. under the superintendence of Resident Engineer McIlwain, of Parry Sound.

Westree to Kenogami Lake. — The construction of a railway to branch off from the C.N.R. at Westree, 64 miles west of Capreol, Ont., to Kenogami

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