

Shore railway and under Order in Council of June 12, 1920, the Cape Breton railway, were incorporated in the Government railway system. The Hudson Bay railway with 332.5 miles of steel rail at the end of 1920, and 214 miles operated, out of its total length of 424 miles, has been declared to be comprised in the Canadian Government railways and is being operated to a limited extent by the board of directors of the Canadian Northern Railway. Its cost to Mar. 31, 1922, was \$20,536,106, of which \$14,346,116 was chargeable to the railway and \$6,189,990 to the terminals at port Nelson. During the calendar year 1921 its gross earnings were \$29,475, its working expenses \$101,396—a deficiency of \$71,921.

Canadian Northern Railway.—In pursuance of an Act passed in 1917 (7-8 George V, c. 24), intituled an Act providing for the acquisition by His Majesty of the capital stock of the Canadian Northern Railway Company, and an agreement entered into under the Act, the Government acquired the entire capital stock of the Canadian Northern Railway Company, except five shares issued in exchange for Canadian Northern Railway income charge convertible debenture stock. Having thus acquired control, the Government, in September, 1918, appointed a new board of directors of the Canadian Northern Railway Company. This board, under Order in Council of November 20, 1918, became also a board of management of the Canadian Government railways, with all the powers theretofore vested in the general manager of the Canadian Government railways. The use of the general term "Canadian Government Railways" to describe both systems was authorized by Order in Council of December 20, 1918, the corporate entity of each system being, however, preserved. The Canadian Northern system, at the time of its acquisition by the Government, had a total mileage of 9,566.5 miles.

The Grand Trunk Pacific.—During 1916, 1917 and 1918, the Grand Trunk Pacific received advances from the Government totalling \$19,639,837 to enable it to "carry on" during difficult times. Towards the close of the fiscal year 1918-19, approximately \$950,000 of the \$7,500,000 authorized in the estimates of that year remained unexpended. The company desired to use this to pay interest on Grand Trunk Pacific Debenture Stock, but the Government insisted that deficits in operation should have priority over all other charges, and made the remittance conditional upon that understanding. As a result, the company notified the Government that it would be unable to meet the interest due on its securities on March 1, 1919. This was followed on March 4, by a notification from the company that it would be unable to continue operation of the railway after March 10. As it was necessary in the interests of the immense territories served by the railway to maintain the operation of the railroad, the Minister of Railways was appointed receiver from midnight of March 9, and for a time the road was operated apart from the Canadian National Railways. In October, 1920, the management was transferred to the Canadian National Railways, and 1921 was the first complete year of the operation of this road as an integral part of the Canadian National System.