The Consolidation and Organization of the Canadian National System.[1] —In pursuance of an Act of 1917 (7-8 Geo. V, c. 24), the Government acquired the capital stock of the Canadian Northern Railways with a mileage of 9,566·5. The insolvency of the Grand Trunk Pacific led to the appointment of the Minister of Railways as receiver on Mar. 9, 1919, and in October, 1920, the road was transferred to the Canadian National Railways. The Grand Trunk Railway was acquired under c. 13 of the second session of 1919, which provided for arbitration as to the considerations to be given to its shareholders. This arbitration finally disposed of, steps were taken to consolidate the various railways under government operation and control. In October, 1922, the Grand Trunk Board and the Canadian Northern Board gave place to a single Canadian National Board, to which the former Canadian Government Railways were turned over for management and operation. The unification of the Grand Trunk and Canadian National Railways was provided for by Order in Council of Jan. 30, 1923, which also brought into effect the Act to incorporate the Canadian National Railway Company and respecting Canadian National Railways (c. 13, 1919). This was followed, on Feb. 5, 1923, by an Order in Council establishing the head office of the Canadian National Railways at Montreal, Que.

Operation of the Canadian National Railways.—The Canadian National system's steam mileage at Dec. 31, 1930, including lines in the United States but exclusive of the Northern Alberta (which is controlled jointly by the Canadian National and the Canadian Pacific Railways) was 20,425·57, which with the Eastern Lines' mileage of 3,342·39 made a total of 23,767·96. Including the Thousand Islands Railway, 4·51, controlled by a constituent company but separately operated, the total steam mileage was 23,772·47. Including 186·4 miles of electric lines, the grand total was 23,958·87.

The Maritime Freight Rates Act (17 Geo. V, c. 44), effective July 1, 1927, ordered that the accounts of the Canadian National lines east of Lévis and Diamond Junction, Quebec, be kept separate from those of the remainder of the Canadian National system. These lines were designated the "Eastern Lines" of the Canadian National Railway, and the territory, which included Prince Edward Island, Nova Scotia, New Brunswick and a part of Quebec, the "select territory". The Act also ordered that local and westbound freight rates on the Eastern Lines and freight rates on all eastbound traffic originating on these lines be reduced by 20 p.c. The reductions applied only to rates on the Eastern Lines and not to railways beyond the "select territory" Other railways operating in the "select territory" were allowed to make similar reductions in their freight rates in that territory and to bill on the Board of Railway Commissioners of Canada for the difference in freight receipts due to such reductions. The railways making such reductions included these bills with their revenues and consequently their revenues were not reduced

[1]For further details on the acquisition of the Canadian Northern, Grand Trunk Pacific and Grand Trunk Railways by the Dominion Government, see pp. 602-603 of the 1926 Year Book.