

enable it to extend its lines both westward to Vancouver and eastward to Montreal and so complete the great scheme of a transcontinental road.

Effect of the War on the Railways—The Drayton-Acworth Report.—With two new transcontinental main lines, besides branches, under construction, Canadian railway mileage was doubled between 1900 and 1915, increasing from 17,657 miles in the former year to 34,882 miles in the latter. The builders of the new lines, as well as the Canadian Government and people, had expected that immigration of capital and labour from Europe would rapidly settle the areas tributary to the new railroads and give them abundant and lucrative traffic, as had been the case with the C.P.R. Instead, the War came, and European labour and capital were conscripted for the struggle; immigration fell off and the anticipated traffic did not develop. On the other hand, the interest on the bonds had to be met, and in 1915 the Government felt it necessary to give assistance to the railways. In 1916, after having again made loans to the Grand Trunk Pacific Railway and the Canadian Northern Railway Co., a Royal Commission was appointed by Order in Council of July 13, 1916, to investigate: (1) the general problem of transportation; (2) the status of each of the three transcontinental systems; (3) the reorganization of any of the said systems, or their acquisition by the State; and (4) other matters considered by the Commission to be relevant to the general scope of the inquiry. The majority report of the Commission, signed by Sir Henry Drayton and Mr. Acworth, has formed the basis of the subsequent railway policy of Canada. Their recommendation was that the public should take control of the Canadian Northern, of the Grand Trunk Pacific, and the Grand Trunk proper, and that they should be administered on purely business principles by a board of trustees, such compensation as seemed proper to be decided by arbitration and given to the shareholders of the Canadian Northern and the Grand Trunk.

The process of the acquisition of these railways and the financial results of their operation down to the end of 1937 are described in the latter part of Subsection 2, pp. 640-649.

The Royal Commission of 1931.—During 1930 and 1931 both freight and passenger traffic declined until new low records were being established each succeeding month. Freight and passenger revenues consequently decreased at alarming rates and with increased capital expenditures and fixed charges, the financial condition of Canadian railways demanded readjustment. To study the situation and, if possible, to remedy it, the Government appointed a Royal Commission which, on Sept. 13, 1932, submitted its report, summarized at pp. 648-650 of the 1933 Year Book. During the following session of the Dominion Parliament legislation known as The Canadian National-Canadian Pacific Act (c. 33, 1933) was passed. A summary of this legislation was given at p. 655 of the 1936 Year Book.

Subsection 1.—Mileage and Equipment.

The mileage of steam railways in operation in Canada is given for 1835 to 1849 and for each year from 1850 to 1937 in Table 1, showing the first great period of construction in the 1850's, when the mileage grew from 66 to 2,065, the lull in the 1860's, the second great period of construction in the 1870's and 1880's, the lull in the 1890's, the third great period of construction between 1900 and 1917 and the subsequent falling-off in the rate of increase.