

dividend or interest has been paid since the issue of same, and therefore I do not consider it of any material value other than for voting purposes.

Railway experts also say they feel that the saving in the cost of operation and the amount that will not now be required to be invested in terminal facilities, and on which interest would have to be paid annually, is one that should very materially assist in making both ends of the several railways meet that will now be connected as one railway system.

As I have now discussed the Canadian Government Railway system's position in connection with this matter, let me say a few words as to what position it puts the Grand Trunk bondholders and stockholders in. There is no doubt in my mind that the Grand Trunk railway would be compelled to carry on its operation without being able to pay one cent of interest on its debenture or any stock, if it had to continue and assume the liability of the Grand Trunk Pacific Railway system. The losses on that system must necessarily be for a number of years some five or six millions of dollars, and perhaps more. If the Grand Trunk has to pay this amount out of its earnings and maintain the Grand Trunk Pacific, I cannot see how the dividends that have been paid the Grand Trunk railway shareholders for so many years could be continued. However, in addition to that, with the Government owning such a large railway mileage system, a system almost equal to the Canadian Pacific railway, how could the old Grand Trunk railway with its much smaller system compete or expect to live with the competition from these two great companies and with no Western Canada connections? Surely it is to the advantage of the shareholders and debenture holders in England to be able from this time on, without any worry or anxiety, to know they will receive annual dividends they have enjoyed for so many years in the past.

I may say that when the arbitrators are considering the amount we should pay in connection with the taking over of the road they must consider the losses now being made by the Grand Trunk Pacific railway and its undertaking, and if they come to the conclusion that the Grand Trunk Pacific's future is not likely to be better than it is at the present, then it is altogether likely the arbitrators may not agree to pay the amount the Grand Trunk railway has been able to distribute among its shareholders in the past.

May I also add that, in my opinion, the contract for building the Grand Trunk Pacific railway and the Transcontinental railway was an arrangement between the Government of that date and the Grand Trunk Railway system. I was a member of the House at that time, and I remember well that the late Mr. Hays did not want to build the Transcontinental system. He did not want to build the road to British Columbia; he merely wanted connection with the wheat fields of Alberta and Saskatchewan. But the Government of that date insisted on the Transcontinental and British Columbia lines being built, and that was the cause of the Grand Trunk Railway system's failure to carry out to a successful conclusion the scheme originated by Mr. Hays. The arbitrators will no doubt take into consideration the fact of the Grand Trunk railway being the pioneer railway of Canada; and believing as I do that the people of Canada wish to deal generously with the Grand Trunk shareholders, they will not be too severe when making their award.

There is another matter I wish to mention in connection with this great railway undertaking. When these two railway systems are operated as one system it will be absolutely necessary for the Government to select a management and a staff of the best men that can be found no matter where they come from, to operate this whole new complete system; and those who are decided upon must assume this responsibility. Unless they have a free hand, unhampered by political interference, or by interference or pressure from the outside public, they cannot and will not make it a success.

There is only one ending and the people of Canada might as well know it now before we start the operation. The Canadian Pacific railway, its opponent, is one of the best managed railways in the world. It is operated on purely business principles. They will not tolerate interference, nor are they influenced by any individual. They will not allow any employee to remain on their staff unless he works in the interest of the railway, and does not allow himself to be influenced by any one. That is the way the Canadian National railways should be operated; and, so far as I am concerned, I have been carrying out that policy with the system we now have. I am pleased to be able to say that so far I have had very little interference or requests or suggestions, either from any member or from outside, to do other than carry out that policy with regard to our present system. I am afraid