

Furthermore, Canada's national policy of east-west traffic and high tariffs has not been helpful to us on the prairies, as the added burden nets us a smaller price for the products we sell outside, and requires us to pay more for what we buy abroad. The policy may be beneficial to Canada as a whole, but it certainly is of no benefit to the Prairie Provinces; and I do not believe the other provinces will expect us to pay the excess freight rates occasioned by that policy. As the policy has been carried out for the benefit of Canada as a whole, Canada as a whole should pay for it. I do not think anyone should quarrel with that statement.

What is the remedy?

Canada has already paid high subsidies to the railways in order that they might be built and operated with low freight and passenger rates. We might pay them further subsidies out of the general revenue of Canada, so that they could carry on at reduced rates, or we might amalgamate the railways and turn the CNR over to the CPR to be operated as a unified system, as suggested by Mr. Beatty.

However, the people of Canada would revolt at either of these proposals. I well remember that back in the depression days of 1913 and 1914 the farmers and labourers of Canada were fearful of the influence wielded by the railway companies throughout Canada, and denounced them as an octopus of far-reaching capacity for harm. Should the railways throughout Canada be operated and controlled by any company or individual other than a government board, the whole country would raise an uproar. They would not stand for it.

An alternative course would be to impose taxes or other burdens on common carriers—such as ships using the waterways, trucks using the highways, or aircraft using the airways. Such burdens would have to be made so heavy that the railways could successfully compete with the other carriers. This would impose such a tremendous burden on producers in all parts of Canada, particularly on those producing for export, that in many cases it might become impossible for them to compete in world markets.

Such a policy, aimed at diverting to the railways traffic from ships, trucks and airplanes transporting for hire, would defeat its own purpose, as large dealers, barred from using carriers for hire, would buy and use their own trucks and other means of transportation.

Another alternative plan, and the plan which I think should be carried out, is as follows:

1. The Canadian Pacific Railway should be nationalized and amalgamated with the Canadian National Railways and operated by the people of Canada for the benefit of the Canadian economy as a whole.

2. In fixing freight rates, regard should be had to rates on water, on the highways and in the air. Probably the traffic should pay operating expenses, maintenance and repairs. It should not be expected to pay interest on the investment. That would have to be taken care of out of general revenue.

3. Should there be any profit over and above operating expenses, maintenance and repairs, it could be paid into the general revenue fund of Canada: any losses would have to be paid out of that fund.

Under this plan, no undue burden would be imposed on any part of Canada. It would work out fairly to all sections. Furthermore, it would be helpful to all producers in Canada, as it would provide lower freight rates and thus give Canadian producers for export an advantage over their competitors that they do not now have.

To the people in the prairie provinces this is a very serious problem. It is a serious problem to people in all parts of Canada. We must face it sooner or later. Let us deal with it now.

**Some Hon. Senators:** Hear, hear.

On motion of Hon. Mr. Turgeon the debate was adjourned.

The Senate adjourned until tomorrow at 3 p.m.