

should favour it if I were convinced that it would be necessary. It is only natural, perhaps, for Canadian Pacific officials to believe that unification of the railways would result in very extensive savings. It is my firm opinion that in time the difficulties I have mentioned will be overcome, that eventually the railway problem will be solved, that our taxpayers will be relieved of much if not all of their present burden on account of railway deficits, and that investors in Canadian Pacific Railway securities will come into their own, as they deserve to do.

Hon. W. A. BUCHANAN: Honourable senators, no matter what recommendation may be adopted by this House, I think we are all agreed that the special committee appointed to inquire into railway conditions has rendered a very useful service. I feel that the country at large, as a result of the work of that committee, is more familiar with the railway situation than would otherwise have been the case. After I listened to the evidence in the early stages of the sittings of our committee a year ago I felt that no serious, determined attempt had been made to carry out what had been recommended by the Duff Commission—co-operation between the two great transportation systems.

In that connection I would say that I do not believe the country will accept the policy of unification until it is satisfied that a serious attempt has been made to solve the railway problem through co-operation. If the people are satisfied that it is impossible to effect substantial economies through co-operation, they may be more inclined towards taking a step in the nature of unification or amalgamation.

I am strongly influenced by the findings of the Duff Commission. That commission was composed of representative men from this country, from the United States and from Great Britain. It was an impartial tribunal, not influenced by Canadian political considerations. It listened to evidence from representatives of both railway systems, and it travelled throughout Canada, saw the railroads in operation, and appreciated what they meant to the life of this country. Estimates of economies under co-operation and under unification were presented by the presidents of the two railway systems. Sir Edward Beatty assured the commission of much greater savings by amalgamation than were estimated in evidence before our special committee. In the case of the Canadian Pacific, it held the figure it submitted to the Duff Commission; in the case of the Canadian National the possibility of economies was greatly reduced.

The Canadian Pacific submitted to the Duff Commission estimated savings of from \$40,000,000 to \$75,000,000 under amalgamation. But the commission did not recommend amalgamation. Why did the Duff Commission not accept those figures and say that great economies would be possible only under amalgamation? I am satisfied that, having seen the railway situation of Canada as a whole, they realized that amalgamation was not the proper solution.

On the other hand, they did recommend that there should be an attempt at co-operation in order to bring about economies, and they suggested the methods. As a result we had the Canadian National-Canadian Pacific Act of 1933, which provided that co-operation should be carried on in a certain way.

I must confess that co-operation was not carried on in accordance with that legislation, for at no time was an arbitral tribunal invoked. I do not think the country will be satisfied until the provisions of that Act are fully tested in relation to co-operation. If it be a fact that under co-operation it is impossible to effect substantial economies by utilizing that legislation and by resorting to an arbitral tribunal in case of disagreement, then there may be a tendency on the part of the public to consider some other solution, probably that suggested by the right honourable leader on the other side of the House.

If it is possible to effect economies to the extent of \$75,000,000 through unification, why is it not possible to effect a major portion of those economies under co-operation by using the Canadian National-Canadian Pacific Act? There were possibilities of economies under co-operation that in my opinion should have been realized quite easily. For instance, each railway system has an express company and a telegraph company. If there were a determined desire for economy, there ought not to be very much difficulty in bringing into existence one telegraph and one express company for the service of both railway systems. But no serious effort has been made in that direction. The proposal was studied, but that was the end of it.

Now, I should like to submit a couple of questions which, it seems to me, those who advocate unification or amalgamation should be able to answer during the course of this debate, for I think the public want to know whether a solution of our railway problem is to be found in unification. The country knows there is a heavy bonded indebtedness of the Canadian National Railways. Would unification relieve the taxpayer in respect of that bonded indebtedness?

Hon. Mr. DANDURAND: No.