

Hon. Mr. CASGRAIN: Have you any idea of how much mileage they are expecting to abandon?

Mr. BEATTY: No.

Hon. Mr. DONNELLY: I gather from your remarks, Mr. Beatty, that you are in favour of consolidation.

Mr. BEATTY: For the purpose of administration only.

Hon. Mr. DONNELLY: Would you be willing to make any suggestion as to the manner in which the obligations of the Canadian National would be taken care of, under consolidation?

Mr. BEATTY: The proposal made to the Commission, and worked out in a rather elaborate way through exhibits and statistical statements, was a consolidation for the purpose of administration—not a physical amalgamation, not a financial amalgamation, but simply an administrative amalgamation, if I may use that term. And it was to be an agreement between the Government and the company under which we entered into a profit sharing arrangement, that the net earnings of the combined systems should be divided in certain proportions, as decided upon by the parties, the percentage payable to the Government increasing as the traffic increased. Of course, we had not got down to a discussion of the details, but it would not be difficult to do substantial justice to both railroads and their owners.

Hon. Mr. BEAUBIEN: You do not object to Part 2?

Mr. BEATTY: No, sir.

Hon. Mr. BEAUBIEN: If I understood you correctly, you think it is a prod for a good purpose—to carry out retrenchment.

Mr. BEATTY: Plus the appointment of the trustee. I think that is very important.

Mr. BEAUBIEN: Because you think that sanction is unjust to your company, would you care to mention any other method that might be resorted to to give sanction to the law?

Mr. BEATTY: I did suggest, if another method were considered, that the Government and the Canadian Pacific might profitably make an agreement for a term of years, under which there would be set up certain machinery—virtually the machinery set up in this Bill—and providing protection for our share and security holders in return for our divesting ourselves of the right to control our own operations. That has never been discussed.

Hon. Mr. DANDURAND: Guaranteed interest?

Mr. BEATTY: Something of that nature.

Hon. Mr. CALDER: I come back to the suggestion I made before. I understand that you are strongly opposed to Part 3 of the Bill.

Mr. BEATTY: Yes, sir.

Hon. Mr. CALDER: And I understand your reasons. Now if the Senate is in favour of the establishment of an arbitral tribunal, I throw out the suggestion that it be provided for in the Bill, but that it should not go into operation unless the Government thinks it wise. For the moment I am taking the view that this committee may recommend to the House the establishment of the arbitral tribunal. It seems to me that if that suggestion is worthy of consideration another step would be necessary, namely, that the Government should be made familiar at all times with the subject matters that are discussed co-operatively, and should be advised from time to time when the two systems fail to co-operate, and why. Having that information before them all the time they can readily grasp the extent to which co-operation is being carried on, and if there is any indication that either party is failing to co-operate, they can bring