

Mr. MEIGHEN: Not too general, I hope.

Mr. GRAHAM: It is a communication from the president of the Canadian National Railways; I did not write it. The statement is as follows:

Rousseau-Laurent cut-off, mile 0-17	Cost
Proposed in 1925—17 miles grade.. . . .	\$ 719,500
Proposed in 1926—17 miles track and ballast	280,500
	\$1,000,000

It is proposed in 1925 to grade the 17 miles this line involves, at an estimated cost of \$719,500, and in 1926 to complete it with track and ballast, etc., at a further cost of \$280,500.

The purpose of this line is the first and most important step in the grade reductions of the route from Lake St. John country south. The present grades on part of this route are too steep for economical operation. On the engine division between Lake Edward and Garneau Jct. they are 2 per cent in each direction, and between Rousseau and Laurent is the worst section of this engine run. The proposed cut-off will have .5 per cent grades in each direction and will avoid a rise of 200 feet in each direction.

The business from this line to Montreal and points beyond is steadily increasing, and very large engineering enterprises are now under way in the Lake St. John district, for hydro-electric and the paper industry development. If the expenditures now being made there are justified, it means the business to and from this district must be increased by several times the present quantity. Our line without improvement is not in shape to cope with much more business, and without grade reduction would soon come to the limit of its capacity. Another phase of the matter is that with the present freight rates and costs, it is not possible on bulk tonnage to get sufficient tonnage behind a locomotive to pay direct out of pocket expenses while operating over the present grades. This means that increased business instead of helping us only puts us further in the hole, whereas, if we reduce the grades, we can look forward to increased tonnage eventually contributing to our net profits, in an increasing ratio.

There are further grade revisions necessary to make this line a .5/10 per cent gradient route. Taking all of them into account it has been shown that, with increased business the operating saving will pay a handsome return on the amount involved. Awaiting confirmation of expected increases in business, no work is proposed till 1925, when it is anticipated this work will be badly required.

Note.—Revision of Line to Lake St. John.

I think it will be well if I read to the committee the letter I have received from Sir Henry Thornton:

Canadian National Railways
Office of the Chairman and President.
Montreal, Que. April 2nd, 1924.

Hon. GEO P. GRAHAM, M.P.,
Minister of Railways and Canals,
Ottawa.

Dear Sir,

With respect to the branch line programme of the Canadian National Railways, I desire to place before you the policy which governed the company in its recommendation, and the specific reasons and other data for the construction of each line.

In the preparation of the branch line programme, the following factors were given due weight:

(1) The money already spent and the work already done on each line, where such conditions existed;

(2) The strategic, economic and traffic value of each branch;

(3) The measure of relief afforded to farmers through shortening the road haul on grain and other products;

(4) A regard for the presumable aggregate sum which the finances of the Dominion would permit to be devoted to such a purpose.

After having given proper weight to the factors above mentioned, the programme which has already been submitted to you was prepared and, in addition, it was suggested that the programme, should, if adopted, be spread over a period of three years, the authority remaining alive until August 31, 1927. The objective sought in extending the life of the vote for three years was to provide that continuity of construction which is essential for economy and to enable the engineering and construction department of the railway, as well as contractors, to lay out their work in the most effective fashion. The practice is well recognized by private railways under whose administration sums, when voted by the shareholders, remain in the hands of the executive until the work is completed or authority rescinded. There would seem to exist an analogy between the shareholders of a private company in their relation to the executive, and the parliament of the Dominion of Canada in its relation to the Canadian National Railway system, which would justify such a policy if the experiences of private undertakings are of value.

Varying prices of labour and material, adverse climatic conditions and the difficulty of securing labour during the period of harvest render it imperative that an early start should be made each year if construction work is to be prosecuted with speed and economy and this, it is submitted, will not result if each branch line is to be subjected to an annual vote.

Appertaining to the Canadian National's branch line programme, for which you are submitting enabling bills to parliament, appended hereto are statements with reference to each line which set out the purpose and justification for each. While it is true that all of these lines may not be entirely justified from the present railway economic standpoint, particularly if viewed from their first few years' operations, broader grounds must be considered when preparing a system of feeders for a railway of the magnitude of that which has been entrusted to the present administration of the National Railways.

The first problem that arises from examination of the Canadian National Railways system is to ascertain the main and underlying cause of the deficits, and it is at once apparent that, although certain economies of operation and co-ordination of the various units comprising the system may materially improve the "net" position, the basic cause is found in the fact that the mileage is much too great for the traffic. The apparent answer to the necessity for more business is more people and a further development of those resources which nature has provided with a generous hand. This end can only be speedily attained by the immigration of both settlers and capital and my various officers and myself, realizing this need, have consistently endeavoured to promote both. No confidence can exist in those who lack faith in themselves. My survey of this Dominion gives me unlimited confidence in its ultimate destiny without which there could be no faith in the final success of the national lines.

Therefore we are looking to develop this vast country, at present but too sparsely settled, and asking people to emigrate and join us in this development. But what do we find? Certain sections of the country are losing the very population we are so anxious to augment. Why are these sections being depopulated? Chiefly through a lack of railway facilities, particularly on the prairies, and the question naturally arises, "Is not the settler, who has manfully demonstrated his ability to bring products from the soil, worth many times the untried immigrant? If we are to bring people into the country we