

which Mr. Ruel gave, which was ten years. You would not be finished in five years, and then you would have to start to prepare for the unscrambling.

Q. I am rather of the view that if the country and the railway went to all this trouble and expense of setting up a new plan of operation it would never be unscrambled satisfactorily. Of course, that is only my view.

Hon. Mr. McRAE: I think, Mr. Chairman, it is a case of no divorce.

Hon. Mr. DANDURAND: Here is the opinion of Mr. Hungerford, as he expressed it the other day. I am reading from page 1053 of the proceedings:—

In the absence of knowledge of the exact terms of the proposed partnership it would be idle to speculate upon this aspect of unification, although it may be fitting to remark that a partnership between such diverse interests as public and private ownership is liable to produce a number of unforeseen problems which might conceivably involve the State to an extent never contemplated in the original contract. The reason I hold this view is that there would tend to be a conflict of interests in a partnership between the public on the one hand and private interests on the other.

I draw the attention of Sir Edward Beatty to what Mr. Hungerford said as he continued:—

Public interest is properly and primarily concerned with the use of the railway property for purposes of national development and national policy; private interests are primarily concerned with profits and dividends. The Joint Board of Directors representing such diverse interests would, in my opinion, quickly get into difficulties and, since the properties could not be unscrambled, the State could only break the stalemate which would result either by acquiring the Canadian Pacific property or by making some concession in the form of guarantees or otherwise. The present proposal for unification has neither the merits of public or of private ownership and, in my opinion, is impractical and would conceivably lead to serious involvement of the State.

I read this because I foresee this difficulty with a board composed of representatives of private interests and of the public. If matters did not turn out well and the railways felt the pinch, if their returns declined, I fear that the representatives of private interests on the board would make a great effort to bring about drastic reforms which those members of the board who represented the public would consider to be against the public interest and contrary to what was necessary for proper service. If a clash developed there, the representatives of the formerly State-owned railway would report to the Government, and the representatives of private interests would probably complain that they suffered through lack of co-operation from the other side. Then, if because of the Government's intervention the board decided upon a policy in the public interest but detrimental to the shareholders, the State would probably have to give some compensation. I quite realize there would be opportunity in such a board for a divergence of opinion, which would lead to a condition such as was described by Sir Joseph Flavelle as being intolerable, and the people would finally say, "Well, we must break this combination." But that would be a difficult thing to do, since it would be impossible to unscramble the roads. I am emphasizing an argument I made this morning that there would be danger of our moving towards State ownership if representatives of private interests sat on a board with representatives of the public.

The WITNESS: Well, Senator, I of course agree with something of what you have said. You should never move towards State ownership if you can avoid it. But my view of that situation is not nearly as serious as the one you face. I don't believe these ten or fifteen or eighteen directors are ever going to be actuated by different motives once they start to operate these unified properties.