

Mr. BEATTY: Not in that. I suppose the State Commissions have a certain jurisdiction over the abandonment of facilities. We would have to go through the legal formula.

The CHAIRMAN: Nothing we could pass here would affect it?

Mr. BEATTY: No.

Hon. Mr. DANDURAND: I realize that Mr. Beatty is mainly interested in the C.P.R., but he has been a close observer of the workings of the Canadian National. I see in the testimony of Mr. Ruel, the statement that the Canadian National is running behind at the rate of \$150,000 a day, which means \$54,000,000 a year. I find also that Mr. Hungerford, who followed, declares that considerable economies have been made during the last two years, and he adds: "We have got down to this point now, that anything more that is done is going to hurt the public." I should like to ask Mr. Beatty if, under separate management under this Bill there is any hope of salvation, of reducing the expenditure of the Canadian National to such an extent that it will do away with that deficit of \$150,000 a day?

Mr. BEATTY: Not without a substantial increase in gross earnings.

Right Hon. Mr. MEIGHEN: I understood you to say that there could be a reduction by further co-operative efforts.

Mr. BEATTY: No. Senator Dandurand is asking whether or not the deficits of the National Railways could be wiped out by co-operative effort with our company.

Right Hon. Mr. MEIGHEN: Reduced.

Mr. BEATTY: No, he said wiped out.

Hon. Mr. DANDURAND: We are trying to establish an equilibrium.

Right Hon. Mr. MEIGHEN: Is not this the point? Mr. Hungerford says: "We have reduced as far as we can without impairing public service." He was speaking of the road as at present operated. That does not mean that if the two roads got together to supply service they could not make reductions favourable to both roads.

Hon. Mr. DANDURAND: My query bears on the extent of the economies that will be accomplished, in the estimation of Mr. Beatty, under separate management.

Mr. BEATTY: Naturally they would not be as extensive as they would be under consolidation, but we could make savings. I do not want you to take the savings now as typical, because these are distress savings. The kind of savings I have in mind are more or less permanent savings, due to combining more closely than we do now. These we estimate at quite a few million dollars a year.

Hon. Mr. BUCHANAN: You have in Western Canada a section of country from Swift Current to the Okanagan, south of the main line, wholly served by your road?

Mr. BEATTY: Yes.

Hon. Mr. BUCHANAN: Do you think it would be possible to establish zones of that type?

Mr. BEATTY: For each railway operated exclusively?

Hon. Mr. BUCHANAN: Yes.

Mr. BEATTY: We interlock and overlap so much.

Hon. Mr. BUCHANAN: The reason I ask the question is that I do not think there is so much complaint about competition or service in that area. But it was only served by the one railroad, and there might be other sections of Canada where the same system could be applied. It would mean the elimination of certain branch lines of the competing system.