

of officers wished to hold on with their own property. That was their general attitude. It is a human attitude, I admit. They are each proud of their own system; they do not want to see it overshadowed by the other system. That element of prestige was always present. Both groups were proud of the positions of their companies and each desired their own company to retain and continue its prestige. There was always the desire to avoid public disapproval of any suggested economy. In reaching conclusions as to what could or should be done, there were prolonged discussions between officials respecting the distribution of burden and advantage. There was in reality no common aim and no common purse for the economy sought. Instead, to a very large extent, the battle cry appeared to be, "What we have we hold, unless the proposed disturbance of our system will give us a distinct advantage over the other."

Such were, in my judgment, the elements present throughout the whole effort to achieve anything by way of co-operation. My honourable friend the leader of the Government (Hon. Mr. Dandurand) may hope, and continue to hope, that they will disappear. In that hope I cannot join. I think these elements are bound to remain just so long as the law continues in its present form, and until such time as some measure is taken to enforce co-operation. Human nature will always be human nature, and it is bound to assert itself in such a situation.

I am quite confident that the Duff Commission in making their proposal had not the slightest idea that this formidable snag would appear and effectively prevent any real co-operative effort. They never anticipated that co-operation would be found impossible because of the existence of that human element. That it will continue in the future I have no doubt.

It has frequently been stated that as the law now stands the provisions for co-operation have no real teeth; in other words, that they do not furnish any certain means whereby co-operation can be enforced and made effective. This, I am certain, is the situation; and it would not be altered one iota if we were to adopt the original report as presented by our chairman. The law is not changed in any respect.

Yes, Parliament adopted the proposal of the Duff Commission; but that plan has failed, as I expected when for another reason I opposed it in 1933. To repeat, probably in different words, the argument I then used, I expressed the view that according to my understanding of British law, as Parliament by

Hon. Mr. CALDER.

statute had created the Canadian Pacific Railway Company and granted it certain rights and powers to build, own and operate a railway system, and to issue bonds, stocks, etc., secured by its physical assets, Parliament could not afterwards, except with the approval or consent of the company, infringe upon, lessen or otherwise interfere with those rights, powers and properties without creating a liability for damages or compensation in some form or other. The very minute co-operation was enforced by or under federal law without the approval of the company, a consequent legal liability would immediately arise. It is for this reason, I would suggest to the honourable senator from Leeds (Hon. Mr. Hardy), that no attempt has been made to alter the law. Immediately a step is taken to enforce co-operation without the approval of the company, and something is done that injures Canadian Pacific property or earnings in any way, the responsibility ensues.

I took that stand in 1933. I said, "This will never operate." Furthermore, the principle of enforced co-operation then suggested was not proper. If the Canadian Pacific had come to Parliament and said, "Yes, we agree that you should put into your law a provision which will enforce co-operation," it would have been all right. But there has always been a hesitancy on the part of all parties concerned to put that into the law. I think the reason for that hesitancy is, as I have stated, the fear of possible future obligations resulting from the exercise of enforcement.

The Duff Commission went on to say that unless it was possible to secure economies in the way they proposed, there must be a decrease in federal expenditures or an increase in taxation, or some other way out must be found. The report of that commission was accepted by Parliament and approved by the public. It was to find some other way out of our railway difficulties that our special committee was appointed, and in the discharge of this committee's duties this alternative report has been presented by my honourable friend from Montarville (Hon. Mr. Beaubien) and is now before us.

The Duff Commission did not condemn unified management or unification, as was suggested by the honourable gentleman from Prince Edward (Hon. Mr. Horsey). I have not before me the exact language that the commission used, but I know they simply took the position that they would not recommend anything like amalgamation or unification, because they believed public opinion at that time was not in favour of it. They did not condemn amalgamation or unification as a possible means of effecting savings.