

of Railways from various sections of western Canada, from my own section, from Dauphin, from Saskatoon, from Rainy River and from other quarters, but I remember those four particularly. The charge was that we were forcing the Canadian National Railways to divert freight traffic to the Canadian Pacific Railway, thereby cutting down the earnings of the Canadian National Railways and adding to the earnings of the Canadian Pacific Railway. This charge became so general in some papers and was so generally believed by the men of the Canadian National Railways, that Mr. Warren, western vice-president and general manager of the Canadian National Railways, issued a statement from Winnipeg under date of December 2, 1931:

That the Canadian National Railways is diverting grain traffic to the Canadian Pacific Railway in the west, as implied in recent newspaper correspondence and current rumours, is emphatically denied to-day by A. E. Warren, vice-president, who upon his return from a business trip to the Pacific coast, issued the following statement:

It is clearly contrary to sound reasoning for the Canadian National to throw away business at any time, let alone in these times, when this company, in common with all railways the world over, is fighting to secure its share of the traffic offering, and nothing as suggested in the reports has occurred. Rather, the movement of grain by the Canadian National for some weeks has been such that the company was able to put back into service a goodly number of employees, to assist in the transportation of this increased movement.

That was wired by Mr. Warren to all the western newspapers. May I say there has been no politics injected into the Canadian National Railways. Sir Henry Thornton takes that attitude in a statement which he issued in the last few weeks, and which I think most hon. members have read. He points out what is true, that the management controls the roads. Our role has merely been to point out to the management where we thought they could improve conditions to the advantage not only of the road but of the people of Canada. May I say quite frankly that even in the most prosperous days of the Canadian National Railways many of these economies of which we are now bearing the brunt should have been put into force.

The management of both the Canadian Pacific and the Canadian National Railways have stated to me that freight rates in Canada are the lowest in the world. In fact Sir Henry Thornton in a letter to me states that if the same freight rates prevailed in Canada as prevail in the United States, the earnings of the road for the past few years would be from \$15,000,000 to \$26,000,000 greater annu-

[Mr. Manion.]

ally. I wish merely to point out that we cannot have very low freight rates, luxurious passenger accommodation, unnecessary services, and branch lines running to our back doors, and at the same time maintain the railways in a condition of solvency. Let every Canadian do his best to help both railway systems get back on their feet, remembering that better times mean better services. We should all realize that the accumulation of past mistakes has endangered the financial structure of the whole dominion. We should also remember that this is a Canadian question—a question bigger than any party, bigger than any government. We have on the northern half of this continent ten million people endeavouring to develop it, and there is a limit to the taxing possibilities of that population in an area such as ours.

Some hon. MEMBERS: Hear, hear.

Mr. MANION: We must also remember, that in 1931 we had to finance \$300,000,000, not one cent of which had to be taken care of before the war. That \$300,000,000 was made up of interest on the war debt, on pensions and soldiers' services of various kinds, Canadian National Railway needs, and unemployment relief. We may perhaps bear in mind that when normal times come, as we are all hoping they will come in the near future, these trials through which the railways have been passing certainly ought to be helpful to them, because in hard times all of us, including railway executives, learn something of the fundamentals of sound business. So far as the future is concerned, it seems to me that with a reasonable return to business and commercial normalcy, with a fair attitude by the people of this country in their demands not only as to capital expenditures, but as to railway rates, and with care, caution and economy on the part of the management of our railway system, we may look to the future with hope and confidence.

But because of the serious condition in which all our railways found themselves, it is within the knowledge of this house that we appointed a royal commission to look into the transportation question. In discussing that question it is well to remember that the commission was suggested by Sir Henry Thornton himself before the railway committee last session. His recommendation was endorsed by the committee, and its report was adopted unanimously by this house. The public and the press took the attitude to a large extent that such a commission should be appointed, and as a result there was appointed a most