

both, is unquestionable, but the form and nature of such legislation can best be determined after conferences between representatives of the Canadian Pacific and those who are to be responsible for the future management of the Government System.

If against the company's protest this feature of the recommendations of the Commission is nevertheless to be incorporated in the Bill, every consideration of justice to a private enterprise requires that some safeguard should be provided against injury to the interests of the Canadian Pacific and we beg you to consider the inclusion in the Bill of provisions designed to protect the company and its shareholders.

I have the honour to be, sir,

Your obedient servant,

E. W. BEATTY,

Chairman and President.

By Order of the Board of Directors.

The Rt. Hon. R. B. BENNETT, P.C., L.L.B., K.C.,
Prime Minister.
Ottawa, Ont.

With the permission of the Committee, I should like to give you the results of my experience in the matter of co-operative efforts by the railways, and also the views which we hold as to the most effective ways of bringing about economy through co-operation, which everybody is in favour of.

During the last ten years of a rather seriously competitive condition existing in Canada, every move made by railway administrators in the way of extending services, new construction, and de luxe equipment, was welcomed by the public as an act of vision and courage and confidence in Canada. We were urged to compete, and to compete strongly, and I imagine that that urge was directed a little more emphatically to the National Railways than even it was to ourselves. When the depression struck us it became perfectly obvious to everybody that those extravagances in the way of unnecessary services could not be continued if solvency was to be maintained. So as early as 1929 the Canadian Pacific embarked upon a fairly serious system of retrenchment and economy, which has continued up to the present time.

I think the depression has taught the railway managements a great deal that they would have otherwise been slow to learn. The reason why we have effected economies by co-operation, without any impulse from anybody else but ourselves and the necessities of the situation, and the reason why I am in favour of the co-operative method outlined in Part II of the Bill—which Senator Meighen has correctly described as the crux of the whole measure—is this: We all know that the natural benefits of co-operation can only be attained through the spirit of the men who are co-operating. The threat of the work of an Arbitral Tribunal is not, to my mind, an important consideration in the matter of co-operation. We are in a new era, an era of economy which will extend, I think, for several years. We have accepted the principle of co-operation, and your statutory direction to the Canadian Pacific is fully binding upon us with our consent. You are proposing a change in the organization of the Canadian National, and you will have three Trustees with very wide powers in charge of the affairs of that company. Now, those three men, I presume, will be selected for their character and ability and their knowledge of large business problems, and if the specification of their attainments set out in the report is carried into the Bill finally, they should be men of exceptional ability. They take office under a change in the law of Canada which directs them and us to co-operate. That is a direction to them under which, and only under which,