

(6) It shall be the duty of the National Company and the Pacific Company, for and on behalf of themselves, respectively, and otherwise as by this part of this Act authorized, and they are hereby required, to meet by their proper officers forthwith and from time to time as they may agree, to discuss and to effect by agreement, if possible, the purposes set forth in this Part of this Act. The proper officers of the National Company for the purposes of this subsection shall be the trustees by themselves and/or such of the National Company's or National Railway's officers as the trustees may name for the purpose, and the proper officers of the Pacific Company shall be the directors and/or such of the Pacific Company's or Pacific Railway's officers as the said directors may name for the purpose.

Clause 17, provides:

(1) Tribunals constituted in manner herein-after described, shall be erected as and when required for the purposes of this Part.

(2) A tribunal shall have power and jurisdiction to settle and determine the dispute between the National Company and the Pacific Company which it was erected to dispose of.

I will not go through the work of the various committees appointed in accordance with those provisions. I will merely say that their progress was surprisingly slow. Your committee probed seriously into this dilatoriness in obtaining results. We were told that at the outset some considerable delay was due to the organization of committees to explore the whole field and that officials had to be detached from their ordinary duties for this work; that they had been breaking new ground and were feeling their way; that when certain conclusions were submitted to a joint committee there was considerable delay over the two railways examining into an equitable distribution of burden and advantage, and that when agreement was finally reached the Railway Board, whose authority was sought, required extensive information before any changes in the railway services could be made effective. These proceedings were involved and long-drawn-out.

On the 28th of April last Mr. Walton, Vice-President of the Canadian National Railways, and Mr. Grout, Assistant to the Vice-President of the Canadian Pacific Railway, stated that the committees were making more rapid headway in the solution of co-operative projects. President Hungerford suggested in June, 1938, that, if unification was disposed of, greater progress in achieving co-operative economies would be made in future. Honourable members will notice President Hungerford's words, "if unification was disposed of." That is, if the work of co-operation by the two railways were not paralleled by a campaign for unification which created a somewhat difficult situation within those committees, then perhaps a greater advance would be made in co-operation.

It is true that the Canadian Pacific was apparently doing its part. We had evidence before the committee to that effect, and it was repeated by officials of both railways that one railway showed as much good will as the other. The Canadian Pacific was doing its part, yes, but was its heart in it? One must not forget that before those committees met, Sir Edward Beatty was campaigning from the Atlantic to the Pacific for a far more ambitious scheme—unification. The meagre results obtained from co-operation were surely serving him and his plans and ambitions. What was he repeating weekly? "You see, co-operation is a failure! Take my nostrum: unification, with \$75,000,000 of savings assured." This campaign went on in conjunction with that apparent willingness of the two railways to work out their salvation by the co-operative method. President Hungerford stated that these savings of \$75,000,000 were theoretical and impracticable. What has been so far attempted and realized has clearly supported President Hungerford's view.

The Canadian Pacific Railway laid before the Duff Commission a unification scheme based upon the abandonment of 5,000 miles of rail. The Canadian National Railway did not see that more than one-third of those 5,000 miles could be lifted. I suggested that the Canadian National put up on the wall of our committee room a map showing the lines of the system whose earnings were sufficient to pay all operating expenses, taxes and interest charges included in the Canadian National deficits and assessable against those lines. Here is a statement of the Canadian National lines:

Statement of Canadian National lines included in Canadian Pacific Line Abandonment Programme as submitted to the Royal Commission (Exhibit 50, Senate Inquiry), which are shown as green on the map submitted by the Canadian National to the Senate Committee, 1939.

(Exhibit 106)

Note: The lines shown green on the map indicated that on the basis of 1937 the railway earnings were sufficient to pay all operating expenses, taxes and the interest charges included in the Canadian National deficit which are assessable against the lines.

Chipman, N.B.—Levis, Que. (Diamond Jct.), 371 miles.

Capreol, Ont.—Long Lac, Ont., 397 miles.

Nakina, Ont.—Winnipeg, Man. (Paddington), 498 miles.

Winnipeg, Man. (Pacific Jct.)—Portage (East Tower), 46 miles.

Portage (West Tower)—Deer, 22 miles.

Total, 1,334 miles.

That is the mileage which the Canadian Pacific thought might well be disposed of. Yet it pays all operating expenses and fixed charges.