

will be thrown together; all the traffic will be routed on the heavy lines, the better lines, of both systems; many joint operations will be carried on in the shop work, and ticket offices wherever possible will be united. Now, do you still think, under these circumstances, that if that process is carried on for, say fifteen years, there would be a possibility of unscrambling? And if it is possible, it will necessarily mean that where facilities are used for this common purpose they will have to be continued to be used, under agreement, after the unscrambling takes place?—A. If you will recall, Senator, I gave you the same answer when you first asked the question as I gave you this morning. I said it would be extremely difficult, but not absolutely impossible. Now, probably I can give you an idea of how a united company would go about this work. When they would be planning their physical changes in order to bring about economies they would find places where they would have a joint terminal, say. They would establish that joint terminal and they would decide whether that joint terminal would continue, if they were divorced later. They would decide to depreciate the standard of maintenance of one line in favour of another line where the service could be given more cheaply. If they decided when they were divorced again, unscrambled, to restore that line, they would have to put up a rehabilitation account and charge it over the intervening years so that they would have the money necessary to turn that back in the condition in which it was when they first got it. That is an extremely difficult thing to anticipate. I do not think that anybody, even the best railway expert in the world, could sit down and tell you gentlemen what would remain unscrambled or what would be divorced. But I do know that the extent of the economies would be very materially reduced if a large section of the combined systems was decided to be delivered back to the original owners, because you would have to get ready for it.

Q. As I see it, your difficulty in connection with unscrambling would be mainly in connection with your offices and terminals and shops. In so far as the railways are concerned, they would stay there.—A. They might have to be changed, because there would be some abandonments. They would be restored if it was in the interest of the public and the railway that they should be, and they could only be restored out of joint earnings.

Q. Your idea is that there should be a rehabilitation fund set up?—A. That is the only way to do it. I am not in favour of it, because I think it would be a silly thing to plan for unscrambling. I believe if you made up your minds that unification was the way out of the present difficulties we should go about it as a national policy. And then if we developed something later which we thought was more feasible, we should go into that.

*By Hon. Mr. Buchanan:*

Q. You said this morning you did not think there would be any demand for unscrambling.—A. No, I do not think there would be. I think if the work was done properly and the service was given in a high state of efficiency, the people of the country would be very glad to have unification perpetuated.

*By the Chairman (Right Hon. Mr. Graham):*

Q. On one occasion a prominent solicitor, who was head of the legal department of the Canadian National Railways,—A. Yes, Mr. Ruel.

Q. —appeared before a Committee—A. This Committee, in 1933.

Q. —and he outlined a scheme for unscrambling. That question was put, if you remember?—A. Yes.

Q. And if I remember, he rather wound up with the idea that you have expressed now, that while there might be legislation to provide for unscrambling, it would be almost impossible to do, and if anything had been gained by unification it would be lost in that unscrambling?—A. It would be in the limited time

[Sir Edward Beatty, G.B.E.]