

suffered severely in recent years, and will continue to suffer, decreasing earning power, with consequent grave hardship to thousands of railway employees and enormous losses to the owners of both properties. In the one case the losses are confined to those whose savings and capital are invested in the property; in the other they are carried by means of an onerous tax burden which bears upon all our people.

With this situation confronting Canada, the Senate decided the question should be inquired into by a special committee, and that committee was charged directly and specifically with the duty of examining into any and every method that could be suggested to lighten this tax burden, with a view to determining which would be the best method for the purpose. That duty we have performed. That, and that only, was the responsibility cast upon your committee. In other words, in so far as I can understand the reference, we had no instructions whatever to ascertain plausible reasons or excuses for the continuation of the burdensome tax I have referred to. We were not asked to search the whole record of the past in order to discover some excuse or reason for our people continuing to carry that tax. Our duty was to search for any and every means whereby the tax might possibly be reduced.

The references made in the original report to the effect that the Canadian Pacific system has been able to survive, that it is not alarmed over the outlook, and that it is in a position to maintain its independent existence for years to come, are all in accordance with parts of the evidence given by Sir Edward Beatty. But these statements picked out from the record and placed, as they are, in this report, are very misleading in that they do not in any sense present a true picture of the very serious financial straits of the Canadian Pacific Railway Company.

Yes, the Canadian Pacific has been able to survive, and it will continue to exist as an independent company, but at what a cost to its shareholders, to its employees, and to all Canada as well! For twenty years or more prior to 1931 those who invested their savings in Canadian Pacific Railway common stock received yearly dividends totalling \$33,500,000. In 1931 this figure was cut in half; and since 1931, that is, for a period of eight years, no holder of the common stock of the Canadian Pacific has received one dollar by way of dividend. But that is not all. The value of the common stock itself, representing millions of dollars, has virtually disappeared. Yes, the Canadian Pacific Railway may continue to exist, and Sir Edward Beatty may say, "We do not fear the future"; nevertheless

those are the facts. Indeed during recent years the earnings of the Canadian Pacific have decreased to such an extent that there has been withheld from those who invested their money in the concern no less than something in the neighbourhood of \$39,500,000 a year. We cannot hold the view that this situation has not affected the Canadian Pacific Railway most seriously.

There have been very many complimentary references to the Duff Commission, and deservedly so. In the original and in the suggested report, both of which are now before us, the authors have deemed it advisable to quote one passage from the report of that commission; and as it has a direct bearing on the matter to which I am now alluding, I should like to refer to it again.

A serious warning was given in the Duff report to the Parliament of Canada and to all the people of Canada. What was it? It may be summarized in this way: "Unless Parliament adopts our proposal,"—which was voluntary co-operation, with an arbitral board—"or some other equally effective measure to secure the efficient and economical working of both systems, the only courses open to Parliament will be (a) to effect savings in national expenditures in other directions, or (b) to add to the tax burdens under which all our people and all our industries are suffering." That is to say, unless Parliament could find some means of putting a stop to the railway conditions existing seven years ago, there could be only one result. Seven years have gone by since that warning was voiced by a commission which everybody recognizes as being a thoroughly capable and competent commission, whose report was commended by everybody.

What has Parliament done during these seven years to ameliorate our railway problem, as well as our general financial condition? In 1933 Parliament adopted and put into effect the Duff Commission proposal for co-operation. Every member of either House of Parliament now knows it has been a dismal failure, and that as it stands on our Statute Book to-day it will continue to be a dismal failure. This failure is due largely, if not entirely, to the almost complete absence of a singleness of purpose; to a lack of desire to co-operate to the fullest possible extent with a view to providing all necessary public services at the lowest possible cost. Your committee was continually confronted with evidence indicating that the co-operative machinery was all cluttered up with the human and selfish elements involved in the continued maintenance of existing properties and facilities. I trust honourable members clearly understand what I mean. Each group