

theirs should not be interfered with. Probably they felt, and perhaps rightly so, that the prestige of their section was interfered with by the curtailing of the services. Let me give an instance or two. On one of the small branch lines which was losing heavily the Canadian National Railway decided to take off a daily service and substitute for it a tri-weekly service. This was in the province of Alberta. The people using this branch line asked for an appointment with the railway management in that section, and sent in quite a large deputation which protested very strongly against the curtailing of the service. Suddenly one of the officers of the road asked the deputation how they had come in, and they replied that they had come in by motor bus.

Another illustration that came under my own observation of the same peculiar way of thinking was this: A prominent Montreal man had some dealings with the National road. He did not get through a business deal amounting to about a quarter of a million dollars, and he tried to bring pressure on the National road through the government. He visited my office on a number of occasions, once coming from the city of Toronto and on other occasions from Montreal, and on every occasion he drove from Toronto or Montreal to Ottawa in his own car with his own chauffeur. He did not patronize the road with which he was hoping to make a business deal of about a quarter of a million dollars. I mention these instances just to illustrate the feeling of the people, the apparently unconscious pulling away from the patronizing of the railways to motor competition, with its consequent effect on the revenues of the railways; and when I say motor competition I include motor competition of all kinds—motor trucks and motor buses and the private automobile. They are all hitting the passenger revenues of the railway.

I mentioned a few moments ago the tendency of the railways to reach out too much for passenger traffic and neglect freight traffic. It is interesting to note that the total loss on passenger operation of the Canadian National Railway amounted in 1926 to \$4,000,000, and that amount gradually grew until last year the loss amounted to nearly \$24,000,000. I repeat, the railways have been reaching out for the non-paying branch of the railway business and neglecting the real revenue-producing business—the freight traffic.

As I have said, the management itself cut these services. We were not even consulted.

I say that because continually I am receiving from members on both sides of the house protests against reduction of branch line services. I have on all occasions pointed out that while I am pleased to pass on their protests, I have no power to insist on services being continued which the railway management consider it is to the economic advantage of the system to abandon. In short, these changes have been made on economic, not on political grounds.

I wish now for a few moments to deal with certain unfair statements made throughout the country, particularly in western Canada, alleging interference with the Canadian National Railways by the government. For example, it has been charged that we have put into effect these branch line restrictions in service; some newspapers have even hinted, and some have stated quite openly, that in the interests of the Canadian Pacific Railway we have interfered with some of the services of the Canadian National Railways. I merely mention this to brand it as false, because there is no basis whatsoever for such a charge. One of the most outstanding papers in Canada about six weeks ago published a front page editorial accusing me of forcing upon the Canadian National Railway management what it termed "crippling economies." I wrote to the editor, whom I knew quite well, to name one crippling economy that had been forced upon the Canadian National Railways, or that the Canadian National Railway management itself put into effect. Of course, he could not cite a single case. He dodged around the question in a four-page letter, but he did not instance any "crippling economies." I simply stated to him that if there were any crippling economies the executive officers were responsible, but I did not think they were so stupid, because at the present time because of traffic decreases they are having quite sufficient troubles of their own.

Another unfair charge made against us is that we forced on the Canadian National Railways management the ten per cent reduction in the wages of the running trades. We had nothing whatever to do with this reduction. It was brought about by the management of the Canadian National Railways and the Canadian Pacific Railway working together with the representatives of the men's unions. The unions, having had pointed out to them by the railway executives the serious financial condition of both roads, accepted the ten per cent reduction, and I think they deserve credit for their patriotic and loyal stand.

Another charge has been made against us which I think is the most malicious of all. I mention it because it came to me as Minister