

going to be called upon to meet? These increases that have come through have definitely been very detrimental to a lot of private enterprises and businesses that we want to retain.

Does that answer your question?

Mr. DRYSDALE: Mr. Charnock, applying to this specific bill you said you are happy with the \$20 million subsidy. Are you happy with the plan of taking the 7 per cent off the straight 17 per cent? As I understand it, most of your objections and suggestions would be more of the kind that should come before a royal commission on transportation to try and effect the over-all situation. But just as to the present legislation, Bill C-38, are you happy with the 7 per cent off?

Mr. CHARNOCK: Your question reminds me of the old maid who was out on the edge of the bush praying for a husband, and an owl in a tree came up with a "Whoo, whoo," and she said, "O Lord, anybody." So we are satisfied with anything which will reduce our transportation costs.

The CHAIRMAN: Anyone else?

Mr. KENNEDY: Mr. Charnock is not married, either.

Mr. CHARNOCK: No personalities, please.

Mr. FISHER: Do you see the difficulty in your proposal as lying in the fact that the Canadian Pacific Railway, at least for appearance's sake, is being carried on as a private business and that is the nub of the difficulty; that is why we are going through this complicated way—

Mr. CHARNOCK: The acceptance of the Canadian Pacific Railway as a yardstick was arrived at at the time of the equalization of class rates. The Canadian Pacific's accounting system was apparently more understood and translatable. There were fewer complications in connection with the Canadian Pacific system than the Canadian National. Therefore, they were accepted as the yardstick and the Canadian National just came in with a "me, too" problem.

The Canadian National Railways, of course, has grown like Topsy, absorbing the Grand Trunk and absorbing the Canadian Northern and so on, each one bringing complicated overhead burdens. So it was quite natural that the Canadian Pacific Railway study was more easily arrived at, and their situation was adopted as the yardstick.

I think that is about the only explanation I can give you; and if the Canadian Pacific Railway's problems can be solved, I see no reason why the Canadian National Railways' cannot also, once you divest the Canadian National Railways' situation of the complications of overhead and what not. After all, they are both operating railroads and they are supposed to be adopting uniform operating methods. As an illustration the depreciation system of the two roads was not on the same basis. So you can see there were difficulties in reconciling them.

Mr. FISHER: One question I would like to ask Mr. Styffe. He gave a call for volume business in our particular region, especially with pulpwood being so vital to the railways, that is, to their very great advantage. Can you give any suggestion on how this fits into the larger picture of our area as a region through which we have a much larger movement?

Mr. STYFFE: Mr. Fisher, I think while I mentioned pulpwood on a number of occasions, the reason for that is because it is something with which I am associated and know something about. I should in the same breath have been talking about all of the bulk raw materials which we handle and upon which we rely for our industry. For example, Steep Rock Iron Mines at Atikokan, that community and our community are inter-related and it is a very serious thing in so far as we, or anyone in northwestern Ontario, are concerned, if there is anything which will harm the competitive position of a volume business such as that.