

Canadian Pacific that in so doing we shall assume no liability, legal or moral, implied or expressed, in respect of its obligations or securities?

Hon. Mr. CALDER: That is Sir Edward Beatty's suggestion.

Hon. Mr. MURDOCK: Ah! This appears to be beautifully rounded sales talk, which no doubt will be largely absorbed by many Canadians, who will argue that, considering the source from which it comes, this will be the principle adopted. Can any of us here think that the Canadian Pacific is not deserving of treatment as magnanimous as that given to the Canadian Northern, Grand Trunk Pacific and other lines which in years gone by have been taken over? But let us not worry about that paragraph, for I shall show that this turning of the cold shoulder is atoned for in paragraphs containing other objectives. Before we get to the eighth paragraph we shall see how magnanimous the author of these objectives was towards the Canadian Pacific.

The second objective is:

Any plan of unified management adopted should be such that the resulting operation can in no sense be dominated by the Canadian Pacific Railway Company.

That sounds fine. I think it can be safely said that the officials of the Canadian Pacific Railway have done the best continuous rail-roading job on the North American continent in the last forty-five or fifty years, but this paragraph would appear to imply that the company and its officials are to be relegated to the shadows of unified operation. Of course, that is not intended. That is only a part of the sales talk which is used in pressing for the claims towards which the Canadian Pacific, and particularly the president of that company, have been aspiring ever since the Duff Commission turned down their claims.

Then we come to objective No. 3. Listen to this. It is really good. For the purposes desired it is as well done as any client could wish. It reads:

Out of earnings up to the average aggregate earnings of both systems over such a period of years as may be agreed upon, the Canadian National must be assured the same share of such earnings as it has enjoyed of such average earnings.

What does that mean? On account of the enormous burden that my right honourable friend and other friends placed upon the Canadian National in years gone by, that system has been in the red ever since 1920, except for two years, and consequently there would be no earnings to average under this proposal. Here again we find some wonderful sales promotion. What screams of anguish

we have heard from certain honourable gentlemen about the enormous burden of Canada's railway debt on the people of Canada! Under this proposal the \$50,000,000, more or less, of Canadian National Railways fixed charges, upon which it has not been possible to make earnings during some years of the depression, are to be left as charges upon the Canadian people, and a fifty-fifty share of average aggregate earnings is to be given to the Canadian Pacific and the Canadian National. What about the saving of \$75,000,000? May I say, without any disrespect to anybody, that I think that estimate was only theoretical buncombe from the start.

Let us proceed to objective No. 4:

Out of earnings above such average earnings, which presumably will be earnings due to economies effected by unified management, the Canadian National should receive not less than one-half.

How generous this proposal is to the suffering Canadian taxpayers! They are to receive not less than one-half of the earnings which exceed average earnings. What for? To pay the Canadian National Railways on the \$50,000,000 of fixed charges. And the Canadian Pacific is presumably to receive the other half of earnings which are above average earnings. What for? To pay to Canadian Pacific security holders. We might ask if this is not rather one-sided, considering that the Canadian National Railways have 22,000 miles of railways, as compared with the Canadian Pacific's 17,000 miles, and, according to evidence given before our committee, the Canadian National Railways now have exclusive access to the most important of the great mining areas of northern and western Canada, such as Flin Flon, Red Lake and Rouyn. The Canadian National has been getting a revenue out of these districts for a number of years, and the Canadian Pacific naturally covets a share of it. It will be remembered that last year a distinguished representative of the Canadian Pacific urged that that company should if possible be permitted access into Red Lake. The proposed unification would of course give the Canadian Pacific access to these great mining areas and cut approximately in half the earnings by the Canadian National on behalf of the taxpayer. This proposal is fearfully and wonderfully made.

The fifth objective is this:

New capital investments, limited as they will be to joint requirements, should be provided for on a basis of definite and individual responsibility for respective shares of the capital on the part of the Canadian National (or of the Dominion of Canada), on the one hand, and of the Canadian Pacific Railway Company on the other hand.