

that over 50 per cent of this money was derived from railway earnings. The "other income" is much larger than the railway earnings. Perhaps it would be right to require that no investment should be permitted except for purposes directly affecting the operation of the railways; that the money should not be used to finance industrial enterprises. That is a matter for Parliament to decide. But, I repeat, the last C.P.R. report shows "other income" of \$27 million, which, capitalized at 4 per cent, represents \$700 million, whereas the other earnings of the railway amount to only \$19 million. It is only reasonable to suppose that a major portion of this capital came from the earnings of the railway.

**Hon. Mr. Farris:** Listening to the debate, it seems to me that two issues are being somewhat confused. As I see them, those issues are: first, is it in the public interest that the Canadian Pacific Railway Company should be permitted to acquire these shares in this company? Is it a provident thing to do? It seems to me that that issue should not be confused with the other one which was raised by my honourable friend from Southern New Brunswick (Hon. Mr. McLean), which is that so far as collateral investments of railway companies are concerned, losses as well as profits should they be taken into consideration by the Transport Board in regulating freight rates? That is an exceedingly important question. It is also a controversial one; there are two sides to it; and I do not think the discussion of it involves any loss of time or profit on our part so long as we do not, when it comes to a vote, confuse the two issues. Whether this money is to be applied to the benefit of the shareholders generally, or whether it is to be applied specifically to reducing freight rates, is one question. In either case, if the investment proposed is a provident one, the prayer of this bill should be granted.

**Hon. Mr. Bouffard:** Honourable senators, we have had a longer discussion on this short bill than I anticipated, but I have learned several interesting things. As the honourable senator from Vancouver South has just stated, in dealing with this bill we are concerned only with a small saving that can be made on switching operations at Shawinigan Falls. I do not think we can decide this afternoon, when dealing with this private bill, what should be the investment policy of the CPR or the CNR. This is a matter to be decided upon by the government after it has received advice from the Board of Transport Commissioners and from other sources.

I should like to assure my honourable friend from southern New Brunswick (Hon. Mr. McLean) that the switching operations will be

carried out by the CNR and the CPR at cost, and any economy will be to the benefit of the railways. I can also assure my friend that if the \$62,500 is taken out of the earnings of the CPR, the benefits, if any, will go to "ordinary account", or the railway account of the CPR. Whether the railway is to buy these shares out of earnings or the special account is a matter to be decided by the board. In this instance it is more economical for the railways to handle the switching operations themselves than to have it done by a company which has nothing to do with the operation of railways.

The bill will go to committee where officials of both railways may be heard, and where the questions of honourable senators may be answered.

**Hon. Mr. Leger:** Honourable senators, I wish to say a few words to correct an impression which seems to have been created in the course of this debate, namely, that the Maritime freight rate is a gift to the Maritime Provinces. The Duncan Commission, which investigated the situation in the Maritimes, found that from 1912 until the date of the investigation, the freight rates in the Maritime Provinces had increased some 91 per cent, whereas in Central Canada and in other parts it had increased 51 per cent. In order to adjust this difference the Commission recommended a remission of 20 per cent in the freight rates to the Maritimes; but even with this we are paying a greater freight rate than the rest of Canada.

**Hon. Mr. Robertson:** Hear, hear.

The motion was agreed to, and the bill was read the second time.

#### REFERRED TO COMMITTEE

**Hon. Mr. Bouffard:** Honourable senators, I move that this bill be referred to the Standing Committee on Transport and Communications.

The motion was agreed to.

### CRIMINAL CODE BILL

#### SECOND READING

**Hon. Salter A. Hayden** moved the second reading of Bill I, an Act to amend the Criminal Code.

He said: Honourable senators, this is not a lengthy bill. It provides for certain amendments to the Criminal Code, some of which are for the sole purpose of deleting from the Code certain sections which the government feels have become obsolete. Other amendments are for the purpose of tidying up certain provisions of the Code, while a third group have the effect of incorporating into the law improvements which have come to light in its administration over the years.