

Senator Meighen says that the powers of the Board of Railway Commissioners to direct and control the operation of all companies in certain matters are very wide. So they are. But the greatest power which they exercise was contemplated in the Canadian Pacific charter of 1881. We have always had some regulating body. In the earlier years it operated very perfunctorily. But when the Canadian Pacific was incorporated it was provided that in the event its earnings reached 10 per cent on the capital actually expended on the construction of its lines, its rates should be subject to regulation by an independent tribunal. That was one of the conditions under which we took the charter. In 1913 there was a reference to the Supreme Court of Canada to find out whether our earnings had actually reached that point. The company concluded they had, and ever since then we have been subject, as all other railways have, to any rate regulations by the Commission. But, as I say, that was all contemplated in our charter.

Right Hon. Mr. MEIGHEN: I do not think it could be contended that the earnings are 10 per cent now, but the jurisdiction remains.

Mr. BEATTY: That is so. We are under the complete authority of the Board, and our submission to their jurisdiction was absolute and unconditional. The earnings mentioned in the charter are based upon the cost of our original lines, and that was the figure that governed.

I noticed in the proceedings of a previous sitting of the committee a reference to a matter which I think should be dealt with now, in order that any misapprehension about it may be cleared up. I think it was Senator Laird who referred to the Crowsnest Pass Act, and he suggested that that was an invasion by Parliament of certain privileges and rights that were given to the company in its charter, and that we have been subject to invasion from time to time without being apparently hurt by it. Now, the Crowsnest Pass Act was the result of an agreement. We wanted to build a railway out there and we wanted a subsidy, and the Government said, "We will give you a subsidy provided you comply with certain conditions." We accepted those conditions and we got the subsidy. An agreement was made, but there had not been any obligation on the part of the railway prior to that to build the road.

Right Hon. Mr. MEIGHEN: Have not the rates been reduced below those first agreed upon?

Mr. BEATTY: They have been reduced, yes.

Right Hon. Mr. MEIGHEN: By agreement?

Mr. BEATTY: Yes. We accepted them after long discussion. I want to make just one observation about the Senate report. I did think highly of that report. The Canadian Pacific never expressed any opinion upon it officially. I thought it might be possible, had it reached the point of negotiation between the Government and the company, that if the securities were there provided the company's shareholders and directors might think it an advisable thing to do. But as they never had to make a decision, and as they were never referred to, we have nothing to go by now. I felt that it did involve the very form of consolidation for the purpose of administration that I myself felt very favourable to. But we have never reached the point of considering it in any way.

Hon. Mr. LYNCH-STANTON: Mr. Beatty, you admit that there has not been co-operation during the past ten years?

Mr. BEATTY: There has been some, but no enough. There has not been, because of intensive competition.

Hon. Mr. LYNCH-STANTON: You contend that it is essential.

Mr. BEATTY: It is the only thing suggested by this Commission, and we say: Yes, we will try it, and will do the very best we can with it, and the result, we think, will be as satisfactory as you can expect.