

sentiment which supports unification an expression of fear for the destiny of our own people? Should we not have a greater confidence in the development of our country?

To govern it is necessary to foresee. Canada now has 11 millions of population. Our country is bound to go forward; it will surely have 15 millions in another quarter of a century. Before long we shall be able to support two railway systems in a healthy condition, giving to the people a service not to be expected from one amalgamated system, which, having no incentive to progressive action, would do its daily work perfunctorily.

I have said that the railway problem is world-wide. It exists where there has been no meddling with unification—in the United States, for example, and those countries, like England, which have attempted railway grouping and pooling—as well as in lands which have adopted unification, such as France, Belgium and Holland. Unification did not bring forth the anticipated solution in those places, nor did grouping and pooling bring about a solution in Great Britain. The experience of other countries should be a powerful argument against accepting Sir Edward's pig-in-a-poke. I quite realize that Sir Edward is attracted by the idea that, come what may, the Canadian Pacific Railway would join the Canadian National under the Dominion Government financial umbrella.

Would not this solution which we are offered simply lead to further confusion and turmoil, at a time when the railway industry needs to direct all its intelligence to the new problems of transportation which have arisen in the last two decades? Under unification substantial financial improvements, other than those which might be obtained through earnest co-operation, would not be realized, and the State would assume very grave risks in spite of any protective clauses which might be written into the articles of association.

State ownership and private ownership, I repeat, make an impossible partnership, because of the conflict of objectives. We have had lately the experience of the Imperial Airways, which started off as a private enterprise in which the State took an interest, but which is now fully state-owned and state-controlled. The Bank of Canada is another attempt to combine state and private ownership which was discarded. It is my opinion that the day the Canadian Government go into partnership with the Canadian Pacific Railway, that day the Canadian Government will begin to acquire the Canadian Pacific Railway. It would be the history of Mackenzie & Mann all over again: first get the Government interested, and when a crisis comes along

the Government with their long purse will solve the crisis.

From a purely financial standpoint, I should think this country had had enough experience in taking over railways and making good their obligations. Certainly the present time, when the industry is facing difficult and troubled conditions, is hardly the moment for Canada to be extending its commitments and starting upon an unknown venture involving steps which could not be retraced.

Some members of the committee who are decidedly against unification and favour co-operation have expressed regret at the fact that the committee's report did not suggest some coercive amendments to the Act of 1933, for enforcing the arbitrament of differences between the two railways. I admit that a fair argument can be made in favour of compulsory arbitration. President Hungerford has suggested that some impartial authority be set up to impose its will upon the two railways, and Mr. Eastman, in the paper which I cited in the course of my remarks, also suggested that some outside propulsion, or perhaps compulsion, is required to bring about co-operative action where the public interest is involved and the Government are the only agency representing that interest.

I have tried to find out the real or decisive reason for the reluctance of the two railways to take the initiative in this matter of invoking arbitration. It was said that such action would bespeak unfriendliness. Mr. John E. Armstrong, then Assistant Chief Engineer of the Canadian Pacific Railway, took the position that to have invoked an arbitral tribunal would have made it impossible to consider matters on a co-operative basis, and that a contentious spirit would have affected all co-operative proposals under discussion, with each section more disposed to build up a case for the arbitral tribunal than to reach an agreement.

This and other statements along the same lines have forced upon me the conviction that failure to arbitrate was due to a fear of retaliation: if one party took the initiative in a certain matter, the second party would in turn go to the arbitral court on something else, which it would deem to be to its advantage, but very distasteful to the other company. I must say I am sorry that no one party started the ball rolling. In my judgment it should be the duty of the Canadian National to lead the way, and its board of directors should be so instructed by the Government.

The Canadian National appears yearly before the Special Railway Committee of the House of Commons to render an account of