

Hon. Mr. KING: The answer to the inquiry of the honourable gentleman, who is not present, is as follows:

1. At June 13, 1942, there were 181 in War-time Merchant Shipping Limited.
2. There are eight who do not receive any salary from the corporation.
3. At June 13, 1942, it was 173.
4. It was \$38,135.30 for April, 1942.
5. (1) Nil; (2) \$6,514,570.

CANADIAN NATIONAL RAILWAYS
ACCOUNTS
DISCUSSION

Hon. W. E. FOSTER rose in accordance with the following notice:

That he will call the attention of the Senate to some features of the report of the auditors of the accounts of the Canadian National Railway System to Parliament, together with the report of the directors for the year 1941.

He said: Honourable members of the Senate, pursuant to the notice which appears on the Order Paper, I wish to direct the attention of the Senate to certain features of the report of the auditors of the accounts of the Canadian National Railway System. I realize the difficulty of interesting members of the House in any topic other than that which is uppermost in the minds of us all at this time; nevertheless, I shall endeavour as far as possible to fulfil my duty and to evoke some interest in this report, which in reality is a very interesting one and concerns the people of Canada generally.

I have the report in question under my hand. While it contains a great many figures and much detail, all of which is set forth very clearly, I think we must bear in mind that the transactions of this great undertaking are very large and very numerous, and that in addition to the report of the auditors, as tabled in the House, there is an internal audit conducted by a department of the railway system itself.

One can approach the report which has been presented to Parliament with the idea that it is a very satisfactory one as compared with some of those presented in previous years. Certainly it brings some degree of cheer to the taxpayers who own this great undertaking. The predictions of those who were of the opinion that financial difficulty faced the country by reason of accumulating deficits still echo from the walls of this Chamber, but I think I am safe in saying that if this property never earned another surplus dollar it has justified its existence, because without it Canada could not have effectively performed her part in the great conflict in which we are now engaged.

Hon. Mr. TANNER.

In looking over these reports, which are very extensive and contain a great mass of figures, one naturally finds some striking features. I find, for instance, that tied in with this system there are some ninety-six subsidiary companies, and that the revenues of sixty-six of them are embodied in the accounts of the Canadian National Railways. One cannot but be impressed with the magnitude of this, the people's property, and the responsibility of those charged with the administration of its affairs.

Before dealing with the figures in the report itself, I should like to review very briefly something of the history of this great undertaking. Honourable members of the Senate will remember very well that some few years ago, because of the decrease in traffic, deficits on the Canadian National Railways were becoming alarming. This situation was due in part to the establishment of other means of transportation, such as the air lines and the motor transport system over an almost perfect network of highways provided by the various provinces. Revenues were dropping rapidly. As a result of this situation some of the members of this House conceived the idea of investigating in order to see if in some way it were not possible to reduce operating expenditures and thereby lessen deficits. A committee of the Senate was appointed, and made a very extensive and exhaustive inquiry into all the ramifications of the Canadian National and the Canadian Pacific railways, and there emanated from that committee a report which was the basis of certain legislation known as the Canadian National-Canadian Pacific Bill. The main features of that Bill were, first, the provision made for greater co-operation between the managements of our two great railway systems in order to bring about a reduction in operating expenses, and second, the elimination of certain duplicating lines which might be abandoned without affecting the efficiency of either road. It was thought that some economies could be effected by the elimination of these lines; that traffic should move over the shortest route, irrespective of whether it originated on one road or on the other.

So little heed was paid to the directions issued to the railways after this extensive investigation, that I always thought the heads of the two roads should be brought before the House to explain why greater efforts had not been made to carry out the provisions embodied in the legislation; but perhaps, in view of the changed conditions brought about by the war, it was just as well that the eliminations provided for in the legislation were not effected.