

re-financed and many millions of dollars have been pumped into it, but I for one do not see how we could carry on without doing so.

Mr. Donald Gordon became president of the company in 1950 and retired at the end of 1966, and I think this is an opportune time to mention some of his accomplishments. Of course this has nothing to do with the bill itself but I feel that he deserves some consideration and that we should acknowledge some of the things he accomplished.

When Donald Gordon took charge, the railroad was in deep trouble. The passenger service was losing heavily and it looked as if it would be abandoned altogether. However, he first concentrated on building up the freight business. To do so he had to spend money. He bought \$500 million worth of diesel locomotives, and 40,000 freight cars, and built 7,500 miles of new tracks. He introduced automation in the company's affairs and made many other improvements.

In my opinion, Donald Gordon got fair results. The freight revenue in 1949 was \$395 million, but he increased it to \$613 million by 1956, and the increase has kept on accumulating since that time.

Mr. Gordon must be given some credit for this and the fact that by automation and other up-to-date methods he was able to reduce the work force by several thousand persons. However, during the time he was building up the freight revenues the passenger losses of the railway continued to mount. By 1961 the C.N.R. had dropped 25 per cent of its passenger service and hoped to get rid of the rest, and probably would have done so if the Board of Transport Commissioners had not intervened. Finally, Mr. Gordon made up his mind to do something about the passenger service. He found that raising rates merely drove passengers away. Therefore, he and his vice-president decided to reduce fares, streamline the operation and speed up the runs.

Honourable senators who have travelled on Canadian National Railways in recent months will have noticed the red, white and blue pricing system that has been initiated by the railway company. On 161 red bargain days the rates are lower. On 146 economy white days the rates are a little higher. On 58 blue days, which includes Sundays and holidays like Easter and Christmas, the rates are a little higher. If you buy a ticket on a red bargain day you pay less for it and get free meals in addition. The same applies to tickets you buy for white days and blue days. This

system is working to considerable advantage. I use it myself quite frequently and find it convenient and comfortable. It is much better than it was in days gone by.

As a result of this system, which has been introduced at considerable expense I will admit, we have the slick Ocean Limited which runs from Montreal to Halifax with passengers, and which is making money. Senator Isnor looks at me in a suspicious way, but I believe that last year the company made \$1 million. I am told that it is a fine railway now, that the service is good and the meals excellent.

Then, as a result of this system, the Montreal and Toronto Rapido train, running at 90 miles an hour, with a fare of \$15 to Toronto and a very good dinner, is also doing well. The Supercontinental and the Panorama from Montreal to the coast are also making money. Of course, if you take a coach ticket, you do not get these meals I have mentioned. They only go with a roomette or drawing room; otherwise you have to pay for meals.

The cost of this experiment has been \$10 million but the passenger revenue is up from \$44 million in 1961 to \$70 million in 1966 and is still rising at the rate of 25 per cent a year.

Hon. Mr. Connolly (Ottawa West): Very good.

Hon. Mr. Aseltine: The trains are crowded and the railway company is making money. You have to apply some little time ahead to get a reservation. The trains are comfortable, convenient and fast.

Honourable senators, I take advantage of this opportunity to bring these facts briefly to you, to show that even though the railway company has been costing a lot of money, every time Donald Gordon spent money he increased the revenue. I hope that in time to come this railway will pay its way. I think we owe Mr. Gordon some thanks for the efforts he has made in this connection.

Hon. Mr. Connolly (Ottawa West): Hear, hear.

Hon. Mr. Aseltine: I am glad the bill will be going to committee. I am sure honourable senators will have many questions to ask. This will be an occasion to look into the affairs of the railway and of Air Canada more fully, things which should have been done much earlier but which in the circumstances it was impossible to accomplish.