

tingent upon increased freight rates. They made out that case along the lines I indicated a few moments ago. They admit that the companies have to have sufficient revenue to meet their costs, but they contend that such wage increases as they demand should not depend upon another question altogether, such as the economic structure of transportation costs in this country. May I quote a sentence or two from this brief in order to sum up the position that they take in connection with this matter? I quote from pages 57 and 58 as follows:

The employees do not think that compliance with their request should be contingent on the railways getting increased freight rates. Their position in this particular is the same as it was before the national war labour board in the Canadian Pacific et al wage case of 1946, which received the support of the board. Again we refer you to the board's "Reasons for decision," the references therein to the "enormous increases" in the company's earnings over the 1939-1945 period, its considerable increase in total assets and reserves, the improvement in the liquid position of the company, its reduction in funded indebtedness and fixed charges; the board's view that it was not required to estimate the future earnings of the companies involved in the case, and finally, ". . . we hold that the companies, respondents in this case, are able financially to pay."

Those sentences are taken from near the end of about fifteen pages in the brief presented by the employees' organization, in which they contend that their request for wage increases had no reference to the demand for freight rate increases and must not be made contingent upon them in any way. In this the companies appear to have agreed, for in the statement of the railways presented to the conciliation board with reference to the same matter, there are on pages 78 and 79 some four or five paragraphs, 209, 210, 211 and 212, which deal with this same matter, and in which the companies made it clear that, even if they were to get the freight rate increase which they were seeking, not one cent of it would be available for wage increases. Let me read a sentence or two from the statement of the railways to which I have referred. At page 79 they say:

The fact is here emphasized that the current application was intended only to afford relief from added costs of operation arising out of wage and price increases which had taken place up to the time the application was made in October, 1946. This application—

That is the application for a freight rate increase.

—could not be based on speculation as to possible further increases in costs—

I ask hon. members to note this:

—and any relief which may be granted—

That is by way of a freight rate increase.—will not be available to meet such possible future costs, but only those which had already been imposed on the railways at the time of the application.

There, Mr. Speaker, you have it from both sides to the wage issue—the employees contending that their wage increases should not be contingent on any freight rate increase, and the companies saying that so far as they are concerned, even if they were to get the freight rate increase, which in part has now been granted to them, not one cent of it would be available to the employees for increased wages. In the light of that, I submit that this whole business of the wage demands of the employees, which as I have already pointed out are eminently justified, should not have been related to this freight rate question. I make it clear again that I am not denying for a moment that the companies must have sufficient revenues to meet their costs, including their wage costs; but, as other speakers have pointed out throughout this debate, to admit that the companies need increased revenue does not require that you condone this unequal and discriminatory way of giving them that increased revenue. Actually some of us are not convinced, and I think my colleague the hon. member for Winnipeg North (Mr. Stewart) made this point effectively the other night, that the Canadian Pacific Railway Company do need the increase for which they asked.

I note in the annual statement of the Canadian Pacific Railway Company for the year 1947 that their principal complaint to their shareholders is not that their net earnings, in absolute terms, were too low. Their net earnings for 1947 were \$22,892,189, which was a higher figure than in a good many earlier years. Their only complaint is that their net earnings, in their view, bore too low a ratio to their gross earnings, that ratio being only 7.2 per cent.

In connection with this company's net earnings, may I point out that on the basis of 1947 earnings the company declared for payment total dividends amounting to \$21,307,682. This information is found at page 7 of the Canadian Pacific Railway Company's annual report. Also from that report and likewise from sessional paper 125A, of April 12, 1948, information can be had as to where the stocks of the Canadian Pacific Railway Company are held. The preference stock is divided as follows: only .51 per cent is held in Canada, but 99.49 per cent is held outside Canada. Of the ordinary stock, 13.58 per cent is held in Canada and 86.42 per cent outside Canada.