

and eastern provinces of the Dominion. By common consent, the company's administrators had brought faith, courage and invincible energy to the task of building its lines through the undeveloped west. The company's achievement commanded the admiration of both railway operators and the public, and has been a material factor in causing Canada to be favourably known upon three continents. Their operations brought profit to shareholders, and the enterprise became a national asset of acknowledged value and importance to the Dominion.

In equally full measure the company is entitled to the continued free exercise of all the rights and powers on which the obligation of constructing and perpetually maintaining and operating the railway was conditioned. In the exercise and enjoyment of these rights and powers it has steadily pursued a policy of expansion to keep pace with increase of the trade and commerce of the country, both at home and abroad until its undertaking represents an investment of more than eleven hundred million dollars. In justice to itself the Canadian Pacific could not abandon the rights which Parliament had conferred on it, and it was compelled often to accelerate its plans of expansion to prevent their complete frustration.

The course pursued by the Canadian National is described by the Commission in the following language:—

33. Running through its administrative practices, however, has been the red thread of extravagance. The disciplinary check upon undue expenditure, inherent in private corporations because of their limited financial resources, has not been in evidence. Requisitions of the management have been endorsed by governments, and successive parliaments have voted money freely, if not lavishly.

34. Within the railway organization there has been freedom in expenditure and encouragement in plans for expansion and extension of services which were inconsistent with prudent administrative practice. The administration failed to realize that this country, with the greatest railway mileage in the world in relation to population, could not afford further capital and maintenance expenditures for unwarranted branch lines, for de luxe services, for unrequired hotels, for the building of ships in competitive service to be shortly abandoned; and, generally, for costly adventures in competitive railways out of proportion to the needs of the country.

35. There has been in the country a general sense of expectancy that the publicly-owned enterprise should give all and sundry the railway service desired, and there is no evidence that the representatives of the people in parliament exercised any appreciable restraint upon railway estimates placed before them.

Confronted with this situation the Canadian Pacific was compelled to choose between meeting the competition, or, accepting a secondary position, face a gradual decline from the encroachments of its rival. The decision was to trust to the good sense and fairness of the Canadian people, and, without resort to provocative measures, to maintain as far as possible its business and good-will against invasion.

The course pursued by the Canadian Pacific was defensive and not aggressive, and throughout the period it used every effort to discourage and limit unnecessary expenditure for competitive purposes.

The report makes mention of branch line construction and expenditure on hotels. In the policy of the company in these matters, com-