

**Hon. Mr. McLean:** Very little.

**Hon. Mr. Haig:** All I know is what the law provides; and according to the law the Maritimes have the benefit of a bonus rate, or something of the kind, which is not accorded to the western provinces. The only lower rate we enjoy is that which was made by the railway companies themselves under the Crowsnest Pass Agreement.

As far as I am concerned, I am in favour of this bill because in my opinion railway matters alone, and not any other business which the railroads may carry on, should be taken into consideration when freight rates are being fixed.

**Hon. Mr. Euler:** I am not sure that I clearly understand this issue, although I think I get the point of view of the honourable senator who raised the question. I could agree with the leader of the opposition (Hon. Mr. Haig) if enterprises promoted by the railroads, such as hotels and smelters, were constructed or purchased with moneys subscribed by the public by way of bonds or stock purchases. But I think the honourable senator from Southern New Brunswick (Hon. Mr. McLean) looks at the matter from the point of view that if any of these outside properties are purchased with profits from railway operations—

**Hon. Mr. Haig:** You are right.

**Hon. Mr. Euler:**—then, in fairness, any profits which result from those enterprises should go into the profit and loss account of the railways. With that contention I am inclined to agree.

**Hon. Mr. Haig:** That is correct.

**Hon. Mr. Reid:** The question raised this afternoon by the honourable senator from Southern New Brunswick is a very important one. While to my mind there is no doubt that any profits or losses resulting from operations after the acquisition of the railway, pursuant to this bill, will be reckoned in the balance sheet of the railway companies, I think the point enunciated by the honourable senator should receive a more definite answer. So far, probably because the opportunity has not arisen, a direct answer to his question has not been given.

The railway problem is one which requires more serious thought than it has yet received, for as we know the cost of railway operation is now quite a heavy load on the people of Canada. It has been a greater burden on the people of British Columbia than on those of any other province.

**Hon. Mr. Haig:** Right.

**Hon. Mr. Reid:** I am not going into the story of the burden that British Columbia has had to carry since the railway came into our province. It is well known that the Canadian Pacific Railway received \$100 million and 25,000,000 acres of land to recompense it for the difficulties it encountered in penetrating the mountains, although the company ignored the well-known water grade of the Yellowhead Pass route, now occupied and used by the Canadian National Railways, and took the shorter and more expensive route. To me it has always seemed an absurdity that goods shipped from Quebec or Ontario to British Columbia should be carried at a lower rate than the same class or kind of goods dispatched from British Columbia to the eastern provinces.

I know there are many angles to this matter, and that it cannot usefully be debated in this way; but a principle has been raised to which, I think, the Senate should give serious thought. Every man, woman and child in the country is affected by freight rates, and we all know where the crux of the problem lies. Passenger transportation is excessively costly, because, owing to the competition of buses and aeroplanes, railway passenger business is becoming less and less.

I hope the sponsor of the bill will deal with the principle enunciated by the honourable senator from Southern New Brunswick, that the entire railway system should be looked upon as one—which I contend has not been the case in past years, for their investments have had many ramifications—and profits derived from investments of surplus funds of the railway companies should be taken into consideration in connection with the rate structure. Of course, as has been pointed out, very few of the hotels have made a profit. I think this honourable body should give some further thought to the solution of the serious problem to which the honourable senator from Southern New Brunswick has drawn attention.

**Hon. Mr. McLean:** I should like to take one moment to answer a point raised by the leader of the opposition (Hon. Mr. Haig). I have before me the annual statement of the Canadian Pacific Railway Company. On its railway operations the company shows a profit of approximately \$19 million. On the "other income account", apart from railway operations, the profit amounts to \$27 million. Capitalized at 4 per cent, that sum represents nearly \$700 million. Is anyone going to contend, honourable senators, that that \$700 million did not come out of railway earnings? It would take a staff of accountants to examine the company's operations over the years, but I think I am safe in making the statement