

(2) That such unified operations as have in a very minor way been put in effect in respect of our railways have already shown large percentage reductions. In the case, for example, of the pool trains, there has been shown an operating saving of 33 per cent, though such pool trains still carry the waste of duplication in terminals, yards, etc.

(3) That in addition to savings in year to year operations, new capital requirements for one singly-managed system should be very substantially less than new capital requirements for two competing systems.

(4) That assuming the public interest can be protected and essential services maintained, there would seem to be strikingly important opportunities for saving by some plan of unified management in respect of two such systems as now exist in Canada.

To ensure the full conservation of every essential public interest and public service, and to safeguard the interests of Canada, the undersigned recommend insistence on the conditions enumerated below in respect of any system of unified management which may be worked out. The undermentioned stipulations are not advanced with any thought that they are all-inclusive. We believe, however, that conditions in Canada, both as affecting the Dominion on the one hand, and as affecting the Canadian Pacific Railway Company on the other, are such that all necessary and reasonable provisions can be arrived at and agreed upon. The following objectives should be secured:—

i. There should be no obligation, legal or moral, implied or expressed, whereby the country assumes any liability in respect of Canadian Pacific obligations or securities, either as to capital or interest;

ii. Any plan of unified management adopted should be such that the resulting operation can in no sense be dominated by the Canadian Pacific Railway Company;

iii. Out of earnings up to the average aggregate earnings of both systems over such a period of years as may be agreed upon, the Canadian National must be assured the same share of such earnings as it has enjoyed of such average earnings;

iv. Out of earnings above such average earnings, which presumably will be earnings due to economies effected by unified management, the Canadian National should receive not less than one-half;

v. New capital investments, limited as they will be to joint requirements, should be provided for on a basis of definite and individual responsibility for respective shares of the capital on the part of the Canadian National (or of the Dominion of Canada), on the one hand, and of the Canadian Pacific Railway Company on the other hand;

vi. Both parties should agree to such enlargement of the powers and supervision of the Board of Transport Commissioners as may be deemed necessary to protect and serve every public interest.

The agreement is merely that there can be no complaint when it does come.

vii. In view of the very extensive economies to be attained, and to the end that the process may not involve undue hardship on anyone, provision should be made for the due protection, by both systems, of labour adversely

affected by such economies, along the lines lately followed by the railways of Great Britain.

viii. Agreement to all provisions should be obtained from each separate class of security holders of the Canadian Pacific and of the Canadian National in so far as such latter security holders are not already protected by government guarantee.

The undersigned are of opinion that on the evidence submitted this country can look only to a system of unified management for relief; that the evidence demonstrates that relief can in fact be obtained under such a system, provided complete absence of political interference is assured in the statutory terms creating such system; and are further of opinion that same can be done with ample and complete protection of all public interests.

Arthur Meighen
C. P. Beaubien
F. B. Black
J. A. Calder
Thos. Cantley
L. Coté
J. T. Haig
G. B. Jones
W. H. Sharpe.

I am frank to say it is regrettable that a unanimous report could not have been presented on a matter of such gravity that it has occupied the attention of the Senate for two years, for without doubt our unanimity would have given to public opinion the strong lead which it requires in this connection. But let us be thankful for small blessings. In the darkness in which we have been groping for a long time there at last appear a few rays of light.

The work delegated to the committee was divided into two parts. The committee was instructed, first to inquire into the extremely serious railway condition of the country; and, second, to report to the Senate upon the best means of relieving the country from that condition.

Happily, as to the first and materially important part the entire committee is in accord. What does that mean? It is passing strange that without consultation both sections of the committee have pronounced what must be regarded as a solemn note of warning to the people of Canada. This warning is contained in the report of the Duff Commission of 1932, in which the commissioners give this grave admonition:

We feel compelled, as a matter of public duty, to strike a serious note of warning to the people of Canada. Unless the country is prepared to adopt the plan we have proposed, or some other equally effective measures, to secure the efficient and economical working of both railway systems and thereby not only reduce the burden on the federal treasury but improve the financial position of the privately-owned railway,—