

Hon. Mr. BEIQUE: Honourable gentlemen, the report to which reference has been made, and which was dealt with by this House in 1925, will be found in the Debates for that year on page 695; and honourable members who read the report made at that time will find it in several respects absolutely applicable to present conditions. If the question were gone into to-day, the same report would be made, in almost identical terms.

Hon. Mr. BELCOURT: And the recommendations?

Hon. Mr. BEIQUE: And the recommendations also.

Hon. R. DANDURAND: Honourable gentlemen, I desire to say a few words on this report of 1925. The Senate was unanimous in adopting the report of the special committee appointed to investigate the railway situation in Canada. The report was based on the general statement made to the committee by railway people, mainly Canadians, and by bankers as well. I refer especially to the experts who were then administering the two railways and to men who had administered them before. Those men were probably in the best position to give advice. The general opinion was that there was not enough freight in the country, especially in the West, to justify the maintenance of the two establishments as they existed. Figures were given, and comparisons were made with railways running in the American West, as to density of population, volume of freight in relation to the sparseness of our population, etc. From the facts brought before us it seemed to me a hopeless situation. The result of the inquiry and report was that this Chamber adopted the idea of having the two systems brought under one management, though retaining their separate entities. The plan was to allow the Canadian Pacific to guarantee the dividend it was earning; to revalue the Canadian National on the basis of mileage as compared with the C.P.R.; and to have one and the same management, provided partly by the C.P.R., privately owned, and partly by the Canadian Government, and thus to remove costly competition between two rival systems covering the same field. Competition had been giving to some centres four times the accommodation actually needed. I believe the Senate's proposal was a very constructive one.

After having accepted the facts and opinions submitted by those experts, what did we find within the next twenty-four months? We found that their statements had been contra-

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dicted by the reality; that in those twenty-four months, although competition was maintained and capital expenditure increased, the Canadian National was making wonderful progress. As has been stated by my right honourable friend, the railway which in 1925 was a debit that would not have been taken over by any syndicate—Canadian, American or British—unless we agreed to throw into the bargain, as a bonus, \$25,000,000 or \$50,000,000 a year for five or ten years, had in twenty-four months become an asset which, if the annual net income of \$40,000,000 was reckoned as five per cent, was worth \$800,000,000; and it went on improving from year to year.

To-day we are facing a very difficult situation, and new conditions have arisen, which must be taken into consideration. The truck business and the motor car traffic are new developments, which have cut into the income of the railways. But I am not despondent. I hope that our Western Provinces will again yield good crops and that prosperity will return to our railways. However, if it be true that a commission is to be appointed to investigate our transportation system, I feel it my duty to draw the attention of the future commissioners to the unanimous report of the Senate of Canada in 1925 on this railway question, and to suggest that they should study it carefully.

The motion was agreed to, and the Bill was read the second time.

THIRD READING

Hon. Mr. WILLOUGHBY moved the third reading of the Bill.

Hon. Mr. DANIEL: Is it proposed that the securities which are authorized by this Bill shall be guaranteed by the Government of Canada?

Hon. Mr. WILLOUGHBY: I should say so.

Hon. Mr. DANIEL: The Bill does not say so.

Hon. Mr. ROBERTSON: Yes.

Hon. Mr. WILLOUGHBY: In any event that is the understanding.

Hon. Mr. ROBERTSON: The next Bill on the Order Paper refers to the guarantee; this Bill authorizes the expenditure.

The motion was agreed to, and the Bill was read the third time, and passed.