

virtually with the funds of the people of Canada. I know that parliament, and parliament alone, is responsible to the people for the disposition of the moneys raised by taxation; consequently I know that there must be ample facility for the exercise of the control that goes with and is inseparable from responsibility. The difficulty has been to evolve a line up to which you can go in disclosing to parliament the affairs of the system and beyond which you cannot go if the system is to succeed. Just where that is to be it is very difficult indeed to say.

And then finally he said this—and this is the point of what I have just read, because it brings us to the committee:

It has occurred to me that if parliament set to work, say, through a committee of this house, to study this specific question in order to evolve some rule that could be followed, looking to the discharge of the obligations of parliament, it would likely result in something definite and concrete. That committee could bring before them those who have to do with the operation of the system, the officers of the road, the president of the road, and if they so desired, touching the subject committed to them they could bring as well officers of the competing road or of the other business enterprises of this country. Having done so, they would clearly see just what it would be impossible to do, and I think likely they would be able to evolve something that it would be possible to do and that would be amply sufficient to put parliament in possession of all the information that parliament would require to come to an intelligent decision on those issues that parliament alone can decide.

I have read those passages because it seems to me they are relevant and that they are very apposite, when we consider that these questions are coming up so often. I wish now to read briefly from the report of the committee made in 1924. I have not been able to get the reports for 1922 and 1923. It does not seem clear whether the committee met in those years. But in 1924 there are two things worth bringing to the attention of the house.

During that year there had been an investment made in a building in Paris, which had resulted in a great deal of criticism. In the report of the committee there is the following, as it is set out in the *Journals* of the house for 1924, at page 515. We find this:

Your committee is of the opinion that the acquisition or sale of property for railway purposes involving large sums of money ought not to be possible except by authority or order in council previously obtained.

I have read this, not because I undertake to say that it is a proper solution to the question at the moment, but because I felt that, in referring to the report of the committee, I should not ignore it.

The portion I wish particularly to read from this report is a statement by Sir Henry Thornton; and it is a statement which, so far as I can judge from meetings of the committee I

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have attended, Mr. Gordon who is now president of the road would endorse today. I shall read briefly from what Sir Henry had to say:

It is, in my judgment—

And, may I say, these remarks were made upon the completion of his examination by the committee.

It is, in my judgment, quite essential that there should be some vehicle of discussion and communication between the administration of the railway system and the representatives of the shareholders, who are the people of Canada, and those representatives are, of course, members of the dominion parliament.

And later on he said:

I should like very much to be in a position to discuss from time to time, not only this year but in subsequent years, if I am here, matters which affect the people of Canada, and their railway system, and discuss these matters with the accredited representatives of the people, who are necessarily members of the dominion parliament.

I have made this digression because it seems to me these observations are relevant and perhaps might be useful for our guidance today.

I now come back to the problem facing this committee. I am going to be brief, and confine my remarks to the Canadian National Railways, partly because it is so much larger than the others, and partly because that is where the real difficulties are occurring.

Mr. Thatcher: Would the hon. member speak a little louder. We do not hear him down here.

Mr. Macdonnell: I am flattered that the hon. member wants to hear me. Yes, I shall be pleased to do so.

As I said at the outset, this year the committee is faced with a situation of special difficulty, such as always arises when those in charge of the operations have to come to the committee and report a substantial deficit. As I have indicated already, this year there is a very substantial deficit. When we get to the committee we shall find that substantial reductions were made in operating expenses, but this is not the time nor place to go into those details.

I want also to point out that comparison with class 1 United States railways reveals that the decrease in gross revenue is less in percentage in Canada than in the United States. The United States class 1 railroads showed a decrease in earnings from \$10,646,000,000 to \$9,370,000,000, or 12.1 per cent. The Canadian National operating revenue fell by \$56 million this year, from \$696 million to \$640 million, or approximately 8.5 per cent.

In other words, there is some encouragement to be taken from the fact that our drop