

Mr. BEATTY: They have a limited power, as I understand the measure, to compel us to make expenditures which we might think were unwise; but the biggest part of their power is to compel us not to do things which we think are wise, and for which we take the risk of loss or otherwise.

Hon. Mr. LYNCH-STAUNTON: Which do you complain of most, their power to compel you to make expenditures, or to stop you making expenditures?

Mr. BEATTY: I object to the administrative control, whatever it involves. My principal objection is that no matter what happens, senator, we must carry the bag and be responsible for the financial consequences. Even though it is against our judgment, against, in our view, the interests of our shareholders, of our property shareholders and our security holders, we still must be responsible for any financial consequences.

Hon. Mr. LYNCH-STAUNTON: If they had any right to control you in that, it would be only where it would affect the Canadian National Railways.

Mr. BEATTY: That would probably be the main thing, because we are already under the jurisdiction of the Railway Commission.

Hon. Mr. LYNCH-STAUNTON: If we abandon competition, why should you object?

Mr. BEATTY: We do not abandon competition. We have got to maintain the identities of the two railways, we have to operate them under separate administrations to protect the interests of the respective owners.

Hon. Mr. LYNCH-STAUNTON: The two respective owners can pool rather than compete.

Mr. BEATTY: But they are competing just the same. You cannot pool everything unless you are together.

Hon. Mr. LYNCH-STAUNTON: Competition may have two different meanings; it may be competition which would not injure each company.

Mr. BEATTY: All competition involves a struggle for traffic.

Hon. Mr. LYNCH-STAUNTON: You cannot avoid competition when you are seeking an advantage.

Mr. BEATTY: You cannot.

Hon. Mr. DANDURAND: As separate systems, Mr. Beatty, you can agree to pool your passenger earnings.

Mr. BEATTY: We can with the consent of the Railway Board.

Hon. Mr. DANDURAND: Would that be on special lines only or on the whole system?

Mr. BEATTY: It would be on special lines, I should think; but it could be broadened to include general pooling. That, of course, is covered by your Bill.

Hon. Mr. LYNCH-STAUNTON: What vanity is there in your objection against the control of expenditures?

Mr. BEATTY: It is not a matter of vanity; we think it is a matter of right.

Hon. Mr. LYNCH STAUNTON: What injury might come to the railroad?

Mr. BEATTY: We do not know. You are asking us to take all the chances of injury.

Hon. Mr. DANDURAND: I understand, Mr. Beatty, that pooling passenger earnings is not a very easy matter.

Mr. BEATTY: No.

Hon. Mr. DANDURAND: Because if you try to pool passenger service between Montreal and Toronto, we will say, then it may affect the earnings of your company because the passengers go beyond Toronto; likewise with respect to pooling of passenger traffic between Montreal and Ottawa?