

to which these same physical changes might be accomplished under earnest co-operation would lead to savings of \$52,873,000. So 95 per cent of the theoretical savings are theoretically just as feasible under co-operation as under unification. I would point out that these figures do not include the 20 millions of imaginary savings resulting from the use of Canadian Pacific Railway unit costs erroneously applied to Canadian National conditions.

Of course, this is but a purely theoretical set-up and assumes for the sake of argument that all the physical things contemplated in the \$75,000,000 estimate could, in fact, be realized. Clearly this is not true, as was proved in the case of the line abandonment programme. It is quite logical, nevertheless, to make a comparison of theoretical figures. From a practical standpoint the case is entirely different. The \$75,000,000 of estimated savings under 1930 conditions, or \$59,740,000 under 1937 conditions, are impossible of attainment under any form of control, because in a practical sense it is not possible to make the physical changes which are in view, or to restrict services without producing a very serious effect upon the country as a whole. This is the opinion of President Hungerford, who is a veteran railway operator of high standing.

Now I come to some implications of unified management. I must state at the outset that I have no doubt whatever that unification means amalgamation. Although Sir Edward Beatty assures us that his scheme is limited to unified management, he has repeatedly admitted that an arrangement for unification would be permanent, because re-establishment of the status quo ante would mean the loss of all the advantages born of that unification. He says that there would be no physical merger; yet numerous witnesses in support of unification have indicated how the physical property must, in important respects and far-reaching proportions, be mutilated and consolidated, to obtain the expected results. He also states there would be no financial or corporate merger, although a common pot and a common financing of joint requirements would be consequences of unification.

It stands to reason that to obtain appreciable savings under unification millions of dollars would have to be spent on capital account for the co-ordinating of the two systems. No one will deny that. Upon whose shoulders would that charge fall? Would it not be borne by the new merger? Would it not call for an issue of bonds? In whose name would these be issued? Would the Dominion Government endorse them? We have no precision on this point.

Hon. Mr. DANDURAND.

In the course of time, under such a scheme, the properties would gradually lose their present identities and be merged, and there would be no way of unscrambling them in the event of the situation becoming intolerable to Parliament or the Canadian people. How could those two railway systems be restored as separate units? We must not close our eyes to the fact that a vast railway system, like the Canadian Pacific Railway or the Canadian National, is a living thing, with a heart centre reaching all its activities, a living thing affecting the public services at every point of our commercial, industrial and national life. You would have to reanimate it from head to foot in order to re-establish its blood circulation, which is the traffic whereby it lives. The present separate systems of the two railways suffer from anaemia through lack of tonnage. Unification would not add a single ton of traffic. These would-be Siamese twins would surely be hurt if ever again separated.

And what about their joint life? Any attempt to harmonize the conflicting principles and practices of private and public ownership would be bound to prove unsatisfactory. Questions would at once arise with respect to which the private ownership section of the board of directors would differ from their colleagues representing public ownership. Services which in the view of Canadian National representatives it might be necessary to continue or even to inaugurate in the public interest, rather than from the purely revenue standpoint, would be vetoed by the Canadian Pacific Railway representatives, as affecting the private shareholders. The next move would be to have the Government carry the cost of any such special rates or services, in the form of subsidies or deficits. New capital requirements of the common property would add to the financial complications, and the result would be an insistence that, as the Government were paying the railway piper, they might just as well call the tune; and the demand for the nationalization of all Canadian railways would become so strong that any government would be obliged to heed it.

Hon. Mr. HORSEY: Hear, hear.

Hon. Mr. DANDURAND: And if government ownership on the present scale is such a shocking thing as we have been told it is, menacing the financial stability of the country, should we willingly enter upon any course which might increase the dangers from that source? Is it prudent to try such an experiment, say for five or ten years, when we do not know where it would lead? Is not the