

highway traffic. The Government did not attempt to guide or regulate anything. They simply offered to act as arbitrators whenever negotiations reached a deadlock. They provided a very general plan of co-ordination, leaving interested parties to decide the best way of co-ordinating services in each case. The basic principle set up was this: "The purpose of co-ordination is to provide a maximum of service at a minimum cost to the community; the means adopted consist in attributing to each mode of transport the traffic for which it is more economically suited."

The first understanding reached and actually put into operation was in the lower Seine region, where traffic is very dense and varied and where the railway and highway networks were competing to the limit. Mr. Dautry, director of the Northwestern Railways, was responsible for the solution reached in that section of the country, covering both passenger and freight traffic. The main bases of the agreement were: As regards passenger traffic, the railway agreed to close all small lines and to discontinue a notable part of the local train services on main lines. The highway carriers, on the other hand, agreed to cease competing with the railways as to long-distance and middle-distance traffic. In actual fact, the railway suppressed passenger services on 517 kilometers of small lines, the highway carriers agreeing to take care of this service and guaranteeing a service at least as good as that given by the railway. Between Havre and Fecamp, for instance, the service of three trains was replaced by that of twenty-six auto-buses. Co-ordination of railway and highway rates was also worked out in a manner calculated to eliminate competition between highway and railway. At the same time the railway agreed to accept no freight of less than carload quantity at stations closed to passenger traffic. Local freight is shipped by rail to the open station nearest destination, and there turned over to the trucks for final delivery. Highway carriers have the exclusive right to handle all less-than-carload traffic at points not situated on the main line between open stations. "Open station" means a station open to all traffic. It was agreed that on main lines the railway should take carload freight; on other lines the freight was to be shared.

This is just one example of how the problem of railroad and highway competition is being dealt with in France. With this co-ordination strictly applied, the Northwestern Railways of France saw for the first time in their operation a surplus to replace deficits accumulated during the previous sixty-one years.

Hon. Mr. RAINVILLE.

Yet, with all this, the railway situation was not made quite secure, and in the end the Government of the Republic adopted complete railway unification, with fair guarantees to the private investors in railways.

May I add that all railways in France are controlled by a super-board composed of representatives of the different railways. Sufficient rates are guaranteed to pay a reasonable interest on the moneys invested in the railways. If they are not sufficient, the Government provide such funds as may be necessary to make good any deficit thereon.

Official figures show that in 1930 Canada's railway revenues decreased about \$12,000,000 from the maximum attained some four years earlier. During the same period there was an indicated trend of increase in motor vehicle carrier traffic of about 25 per cent per annum.

Statistics can be adduced to show that upkeep of highways in Canada costs \$146,000,000 a year, and that motor vehicle taxation and gasoline taxation bring in about \$43,000,000. That is, the highways cost \$100,000,000 a year more than they return in revenue to the governments. At first sight this looks like a heavy debit against the highway carriers. But it must be admitted that the highways are not maintained wholly or even principally for the benefit of freight trucks and passenger buses. The people who clamor for more and better highways are seldom the bus and truck operators. They are the automobile clubs, business men and hotelmen.

The people of Canada are vitally interested in the tourist traffic, which is worth nearly \$200,000,000 a year. But I regret to say, and I am sure all the honourable senators will agree with me from their personal experience, that elephant freight train trucks are killing the tourist business. Hence the necessity to deal with and settle this form of transportation as soon as possible.

But you may say that the problem is not an easy one to deal with, as the railways are under the jurisdiction of the Federal Government and the highways under provincial jurisdiction. However, I feel sure we shall not have to amend the Constitution to bring about a settlement of this problem. A conference with the premiers of the provinces would no doubt bring results, as they are as much interested in the welfare of our railways as the central Government can be, and the big returns from the tourist business are most important to each province.

To sum up the situation, it amounts to this, that the Dominion of Canada, through the kindly help of its politicians—a term which I must regretfully but frankly admit includes