

provision for depreciation. And in no instance have they made any provision for obsolescence, a process of devaluation of assets of railways which is travelling at a very rapid pace today, and which, if given due consideration, would present a very much more unfavourable picture than the deficits now disclose.

I think I have said enough on the unification plan to show that if we are ever to consider unification, and if the public are expected ever to approve of it, a much more complete and detailed proposal must be offered than the one which was placed before the committee. It was certainly a skeleton proposal which we were expected to approve, and so far as I was concerned it was too limited for me to pass judgment upon it. In any event, the Government would have to use the greatest care and go into details fully before committing the country to any partnership of the nature proposed.

Now I come to voluntary co-operation. Six years' effort to attain voluntary co-operation between our two railway systems has proved that it is impracticable and impossible. Six years ago I spoke and voted against the legislation brought down by the Bennett Government with this object in view. I expressed my lack of confidence as forcibly as I could when the Act under which our railways are still endeavouring to co-operate was brought in by the present Government.

We have had both railways before Senate committees at least three times, I think, in the last five years. Every effort has been made, so far as Parliament is concerned, to press our railways to get results. What are the facts? Annual savings to date aggregate only \$860,000 for both roads. Evidence showed that if all matters considered up to date and agreed to were approved by the Transport Board the total savings would be somewhat less than \$2,000,000 a year for both roads, or, roughly, \$1,000,000 for each system. These savings are before compensation to displaced labour, as recently authorized by legislation, is deducted.

Surely nothing more is necessary to show the hopelessness of this effort of co-operation, the savings from which are a trifle compared with the increase in deficits. After five years' pressure from Senate committees and by the Government, backed up by public opinion, in an attempt to get our railways to co-operate on savings and on avoidance of duplication, the result obtained for our National Railways at the moment is less than one per cent of their annual deficit. If any member of our committee still has any hope for successful voluntary co-operation, I should consider him among the world's greatest optimists. I say to this honourable House that the system

of voluntary co-operation promises no solution of our railway problem. You might as well try to mix oil and water as try to get our two competing systems to co-operate voluntarily. That method will never produce any substantial savings. It just cannot.

We had very little evidence this year with regard to compulsory co-operation. I think that plan is generally regarded as unwise, as it would interfere with the rights of the private company and might well place on the Government and the Parliament of Canada an implied responsibility for any unfortunate development in the affairs of the private company resulting from legislation by Parliament. It is conceivable it might result in the country having to take over the Canadian Pacific. In the end it would certainly force amalgamation, perhaps on a basis not favourable to Canada.

I need hardly remind the House that we attempted by legislation to enforce a fair settlement with the Grand Trunk Railway instead of allowing matters to follow their natural course. In liquidation the country would undoubtedly have bought in the railway at much less than we paid for it, and we should then have had no complaints from shareholders. They understand that procedure. But with the object of being eminently fair and avoiding complications, legislation was passed referring the matter to arbitration, with the result that the Government took over the guaranteed stock and debenture stock of that railway, some \$216,000,000. The common as well as the first, second and third preferred shares, aggregating \$180,000,000, were washed out. As these shares came after the guarantee by the Grand Trunk in connection with their Grand Trunk Pacific venture, totalling, as I remember, something over \$70,000,000, there was not the slightest equity in the shares, which the arbitration held to be valueless. In the usual course of events, that is, bankruptcy, the Grand Trunk shareholders would never have received anything for these shares. Yet what do we find? Twenty years later the holders of the preference shares, which at the time of the arbitration had a nominal value on the British market, contend that their shares were confiscated by Act of Parliament. That feeling—and there is some ground for it in the fact just stated—will not down. Agitation still continues. I am sure the affair has been very injurious to Canada's credit in Great Britain, where it is referred to very often by investors.

I quote this instance simply to show good ground for my fear of similar reaction in Great Britain on any compulsory co-operation plan that Parliament may see fit to put into