

As to the Arbitral Tribunals, it will be observed that whether they consist of three or five members, the Canadian Pacific is in every case to have a voice in the appointment of only one member of the Board. In the last analysis therefore, the Company will be completely divested of control of its property in favour of an outside authority. I cannot too strongly urge upon you the serious nature of this feature of the Bill, as well from the standpoint of public policy as of the rights and interests of the shareholders of the Canadian Pacific.

To control of its undertaking as provided by the existing statutory law, the Company takes no exception. Regulations through the Board of Railway Commissioners and the control of rates, facilities and services in the interest of the public is a proper subject of legislation, but Part III of the proposed Bill is a very different matter.

If it be the view of Parliament that co-operation shall be controlled and directed by another and independent tribunal, whose decisions shall be final and binding on the Canadian Pacific, then I would suggest, for your consideration, that the Government of Canada and the Canadian Pacific should enter into an agreement for a period of years by which the Company would agree to this form of administration upon receiving protection to the holders of its securities and shares; that consideration being given because of the relinquishment of the control of their own property during the term of such agreement.

Now, gentlemen, when the announcement was made by the Government in consequence of the filing of the Duff Report, so-called, that legislation would be introduced at this session of Parliament, the directors of the company at many meetings canvassed the whole situation from the standpoint of the interests of the company and of the shareholders, and in consequence of these meetings I was, on October 24, directed to submit a short communication to the Prime Minister outlining the company's position in respect of this proposed measure. The substance of what I have to give you is contained in this letter, and with your permission I should like to read it in order that it may become a part of your record. It has simply been received by the Government, and I may say that no action has as yet been taken.

CANADIAN PACIFIC RAILWAY COMPANY,
MONTREAL, October 24, 1932.

SIR,—The announcement in the Speech from the Throne at the opening of the present session of Parliament that a Bill will be introduced by the Government to give effect to the recommendations of the Royal Commission on Railways and Transportation, compels the company to state its position in relation to some of the features of the report.

It is to be borne in mind in considering the present railway situation that the company was organized more than fifty years ago for the purpose of carrying out one of the terms of Confederation, and that under its charter and subsequent Acts of Parliament it was vested with special rights and privileges in consideration of the obligation which it assumed under its contract with the Dominion for the construction of the Canadian Pacific Railway and its operation in perpetuity. That it has fully carried out its part of the contract the Commission has testified in the following language:—

25. As a result, the Canadian Pacific Railway Company, the largest taxpayer in Canada, has been subjected to the competition of publicly-owned and operated railway lines, supported by the financial resources of the country. They had honourably discharged their original contractual obligations with Parliament, and the company's lines had played a great part in binding together the western