

not losing money. The railways are still heavily subsidized by the government, and the CPR in the west is well subsidized by the municipalities who are not allowed any taxes on the main line properties. Winnipeg in a class by itself in this respect, is still subsidizing the company to the extent of one-half of its realty and business taxes.

Another consideration that should not be overlooked is a government subsidy for the CPR of \$25 million and 25 million acres of Crown land given at the time the railway was constructed. The company states that construction costs exceeded the cash grant. This, at least, is to be expected; otherwise, the company could hardly claim any equity in the project. The immense quantity of lands they received, and much of which they still have, included oil and gas lines. They have kept these separate from the railway operation. These lands and mineral rights have acquired a value not contemplated at the time of the grant, and these have become a major source of income. The value of these lands and rights and the revenue therefrom should be included in the assets and revenue of the railway for they are part of the same enterprise.

The argument that there was no effective demand for the Dominion should not be accepted as a fact. The withdrawal of the train was preceded by long, down-grading procedures. People applying for accommodations were turned down and the railway kept no record of the number of requests for services that were denied. Loss of revenue for mail service has also become apparent at this time.

The withdrawal of passenger service affected not only the towns and cities along the line, but also the entire region that depends on these communities, and a depressed condition in the development of any region reacts against the railway by reducing their demand for freight and other services. I notice that this committee is required to report on the effects of the company's program and future plans for passenger service. To answer this I would remind you that the development of Western Canada is due, in large measure, to the railway. If the railway is allowed to withdraw from one of its principal functions, the reverse of this process may well take place. The proposed policy may or may not result in more profits for the company, but it can have nothing but a depressing effect on the development of Western Canada, which development is one of the main purposes for which the railway was established. The Federal Government, being involved in the railway business to the extent that it is, should adopt a comprehensive policy which would ensure, among other things, a maintenance of a reasonable standard of passenger service. This should be supported by subsidy, if necessary; but any subsidy should be based on the overall requirements of the operation of the railway system, and railways must not be allowed to insist that passenger service, by itself, is made compensatory. This is the recommendation that is submitted to the government by the Western delegations that I have referred to, but we urge the Government to develop a national rail transportation policy that would service the public requirements in all of Canada in terms other than the profit and loss statement. In The Dominion Inquiry the railway took the position that railway passenger service was becoming unnecessary. I contend this is not correct. Most people want to travel by train much of the time and many people want to travel by train all of the time, if the service is available. It should be noted that the decision of the Board to discontinue the summer operation of The Dominion was not unani-