

Pacific and one Canadian National. It may be that both are making money, but they are each fed by many branches which show a loss. You no more need both of those five-hundred-mile lines than a coach needs a fifth wheel. If you are not ready to make that saving, if you keep on throwing money away and doing no good to anybody, then you are going to have to abandon lines you really do need. You are going to bring your railways into a position where they cannot afford to operate most vital branches in sparsely settled country. If you want to save for the pioneer the road that reaches him you must make your saving in more thickly populated areas where duplicate services are crowding on top of each other, where there is an unproductive expenditure of energy and of capital.

If there is anything in the world we should desire, it is to pursue such a course as to be able to operate essential services, and not just foolishly squander because it is easy. If we so persist we shall bring ourselves into a position where we cannot operate lines which my honourable friend says are so vital.

I have not any doubt at all that some day economic law is going to compel the efficient management of our railways and the discontinuance of waste. When that day will come I do not know; but that it is sure to come there is no question in the world. I hope it comes under management where substantial private interest still remains, and therefore where business methods are ensured. I hope it comes under such management that the dangers and evils of government operation cannot supervene.

I do not speak these words with any pride. I never had consummate faith in government operation. I was convinced years ago, and rightly, that we had come to a time when, as mortgagees of many roads in distress, we had to take them over and try our hand. We had no other course open to us. I must not be drawn into a long discussion of our reasons. We were mortgagees and creditors, or we had guaranteed their bonds. We might have wiped these securities out by a receivership, but if we did so we wiped out ourselves.

I have seen government operation in several spheres, and my convictions have been reinforced. There are often advantages of unification under government operation. They have these in the Hydro Electric System of Ontario. But do not let anyone think the benefits of that great system are due to government operation. They are not. Much duplication of services and waste are avoided because it is a united system—that and nothing else. I have had enough of government operation. My honourable friend from Vancouver (Hon.

Mr. McRae) says he has not given up his faith. He says the Government can find men capable of managing a business of this magnitude in an efficient manner. I ask the honourable senator if he thinks our business is operated that way now.

Hon. Mr. McRAE: No.

Right Hon. Mr. MEIGHEN: No, and the honourable gentleman does not need to look very far back to be sure it has not been operated in that way. He says, "Put these men in where they cannot be interfered with." I would remind him that even so, all you have to do is to pass a new Act and repeal the old one, and they are gone. Do not tell me you can operate a railway with ministers of the Crown directing its policies from by-election platforms. Do not tell any business man that. Do not tell us that a directorate is running the Canadian National Railways. It is not. "Vote for our candidate," say cabinet ministers from the hustings in Montreal, "and we will climb into that hole on Dorchester street and rear upon it a palace." Eleven months afterwards the directors of the Canadian National meet together and say to themselves, "We will answer our master's voice," and dutifully they pass a resolution. Business operation of railways! Says a minister of the Crown: "Do not bother about the Canadian National-Canadian Pacific Act calling for co-operative terminals, pool trains and the like; do not bother your heads about those things. We need to win this election. Vote us into power and we will borrow millions on public credit and out of holes we will make stations, no matter what that Act may say."

Do not talk to me of business operation. I could point right at this hour to some things which would very quickly erase such a conception from one's mind. Wipe away, as we have done, all the capital contributed in any way except as investment for the purpose of interest; do all that: it is already done. Last year they did not even earn taxes or rent of equipment, though our leader's report says they did. His report says that all they went behind was the amount of interest on money invested by the public. That is not so. Outside of that altogether, they went behind in seven figures. In addition they earned not a cent of interest on money put in by the public for railway purposes. Do you tell me a road which cannot earn a nickel upon that basis in the year 1938 is a well managed road?

I should not care if the Canadian Pacific had said nothing. There is other evidence enough to show the Canadian National cannot now be run in the way in which it must be run if the country is to be saved from bankruptcy. We are on the downhill slide.