

Estimates by Canadian National and Canadian Pacific Respectively of Possible Savings Through Unification, Based on the Level of Traffic for 1930.

	C.N.R.	C.P.R.
Increased railway operating revenues. . . .	\$ 6,540,000	\$ 1,396,000
Traffic solicitation and advertising.	6,950,000	5,976,000
Transportation and miscellaneous operations.	20,047,000	24,954,000
Maintenance of Way and Structures. . . .	3,423,000	14,889,000
Maintenance of Equipment.	7,797,000	14,360,000
General.	1,573,000	4,289,000
Lake and coastal steamers.	500,000	450,000
Hotels.	4,500,000
Express operations. . .	600,000	1,450,000
Telegraph (railway and commercial).	700,000	948,000
Interest on released investment in material and rolling stock. . .	3,000,000	6,350,000
Miscellaneous.	600,000	311,000
Grand Total. . .	\$56,230,000	\$75,373,000

Details show items in each estimate that are not in the other, which indicates that a combination of both estimates might well produce potential fields of economy greater than the total of either.

Mr. Fairweather also gave evidence as to possible savings under co-operation. In this his opinion appeared to undergo very considerable variations as he first appraised savings under this head at \$35,000,000, then at \$24,000,000, subsequently again at \$10,000,000, and finally stated that such estimates were but guesses on his part. It is difficult to appraise the value of evidence so submitted.

This very brief analysis of the evidence suffices to reveal its technical character. While the undersigned feel, as probably other members of your Committee feel, that after many months of close study of this situation, and after having had the advantage of hearing scores of witnesses on every phase of the subject and of questioning such witnesses, they have been able to reach a dependable conclusion on the merits of the conflicting contentions advanced respectively by officers of the two railway companies, they are also of the opinion that not being possessed themselves of special expert knowledge on these subjects, the public would be better served and better satisfied if it could be supplied with the findings of an impartial tribunal of experts, qualified by training and experience to report on the evidence submitted. Accordingly, a motion was made before your Committee on May 2, 1939, in the following terms:—

That the evidence before this Committee be submitted to a firm of Railway Engineers and Accountants of high standing, free from all interest in either Railway System, to the end that such firm may study said evidence, and especially its practical Railway engineering and accounting features, and make such physical examinations as it may deem necessary with a view to making full report to this Committee as to what in the judgment of such firm would be the amount of savings which could be effected by a system of unified management, and whether and to what extent, if any, such savings would entail impairment of service to the Canadian people.

This motion, we regret to say, was defeated.

The undersigned are of opinion that such investigation need not have entailed very great expense, because, first, the evidence is already submitted, and, secondly, investigation on the premises would only be necessary in rare cases, because facts, maps, plans and other necessary data are already available and can be made open to inspection at the offices of the respective companies. The undersigned further are of opinion that only by means of such report could the full value of the vast mass of information, which your Committee has accumulated, be obtained and utilized by the Canadian people.

The undersigned consider it a matter of much significance that on this question which should have been dealt with as a pure question of savings to the people of Canada in the operation of the nation's railways, in which question necessarily the provision of essential services would be a part, there should be found two distinctly opposite sets of opinion among railway officials, and that one set should be entirely confined to the Canadian Pacific and the other set entirely confined to the Canadian National. The question considered as above defined is, or should be, essentially one and the same for both systems. The only conclusion is that considerations other than those included in the above definition must have intervened.

At this point again the undersigned further beg to emphasize the overwhelming necessity, from the standpoint of the whole country, from the standpoint of its credit and solvency, and for the good of every class and every community of the Dominion, that some solution definite and effective must be found, and found without further avoidable delay.

Conclusions

In the terms of your Committee's appointment, your Committee was assigned a very definite duty, namely:—

to inquire into and report upon the best means of relieving the country from its extremely serious railway condition, and financial burden consequent thereto.

To comply with the above commitment, a full inquiry had first to be made. This has been done. After enquiry, the next duty is to "report," and such report must disclose what in the judgment of your Committee is a "means of relieving the country from its extremely serious railway condition, and financial burden consequent thereto"; and the "means" reported must be, in the judgment of those reporting, the "best" means as shown by the evidence submitted.

The undersigned are utterly unable to find in the evidence any hope whatever of relief from any other source than that hereinafter indicated in this report.

We further are of opinion that if, contrary to the evidence, effective relief can possibly emerge out of any other of the suggested policies, such policies applied to the extent absolutely essential to bring such measure of relief will be open to whatever objections, if any, can be offered to the course hereinafter indicated.

We are impressed by the following considerations:

(1) That huge competing businesses struggling for a living in the same field can in general, and probably always, effect tremendous economies by unified operations;