

bring about some co-operation between the two large companies, and to minimize unnecessary competition. I agree that most of those efforts were futile—that very little was accomplished. I cannot prognosticate as to what may happen in these respects. Nor am I much interested in the eight or nine hundred million dollars written off. That is all water over the dam. Still we may feel in these days of tremendous war expenditure that we got consideration for it. But what I am interested in is what we are going to do with our railways in the post-war period. I think we all realize that they have been the victims, so far as local traffic is concerned, of motor transport, the truck and the lorry. These captured pretty nearly all the local business, which formerly had been very profitable to the railways. In the future there will be further competition from another type of carrier, which is developing rapidly these days—the airplane.

Hon. Mr. CALDER: Hear, hear.

Hon. Mr. McRAE: Many of the main-line planes, those that had been used as sleepers—main liners, as they are called in the United States—are now hauling freight from India to China, carrying as much as is practicable of the traffic that formerly had gone over the Burma road. This venture is only in its initial stage as yet, but planes are being built to carry almost as much as a box-car load. It does not require much stretching of the imagination to see that if this development proves successful, it will not be long after the war until a good deal of the lighter kinds of freight now hauled by the railways is carried by air. Plane engines are now being built of monel metal, and it is altogether likely that in peace time freight-carrying planes will have Diesel engines instead of gasoline engines. That change will result in very cheap transportation. When this war is over our railways will be faced with renewed competition from trucks and lorries, and planes may handle not only the lighter freight, but all the express business, or most of it, a business which, according to the statement referred to by the honourable senator from Saint John (Hon. Mr. Foster), brought the Canadian National a profit of something like \$6,000,000 last year.

I do not want any honourable senators to conclude from this that we shall not continue to need our railways. They will be required for the movement of heavy freight. Railways will be a necessary means of transportation, which I should expect will have to be supplied by the Government, not only in this country, but also in the United States. I cannot see it

Hon. Mr. McRAE.

otherwise. After peace is restored, one opportunity for employment will be the need for revamping our railways, bringing them up to date, putting into effect the necessary economies, and so on, and there will never be a time when that kind of work will be more necessary than in the post-war period, or could be done better.

This is not a pleasant outlook for the future of our railways. In these remarks I am expressing only my own opinion. In my view, the responsibility for heavy transportation will never again be a remunerative one for shareholders. It will be a responsibility of the Government, just as our Post Office Department is. Having said this, I do not want anyone to feel in any way discouraged or worried about the situation. On the contrary, we all should be prepared to meet it as it develops in the post-war period.

I thank the honourable gentleman from Saint John (Hon. Mr. Foster) for bringing up this question.

Hon. J. A. CALDER: Honourable senators, it is in some respects a rather dry task to study and analyse a financial report, and I am sure we all are indebted to the honourable senator from Saint John (Hon. Mr. Foster) for having taken the time and trouble to present to us the statement that he has made to-night. I venture the opinion that not many members of this House have read the report as he has read it. He has given us a picture of the railway situation existing to-day, in so far as the Canadian National is concerned. As the honourable gentleman to my left (Hon. Mr. Coté) has said, it is a very rosy picture, and we all know the reason for it.

I rise at this time merely to express my agreement with all that has been said by the honourable gentleman behind me (Hon. Mr. McRae). Some three years ago, when we were dealing with the railway question and discussing the effect of motor-truck competition on railway traffic, I said we must not overlook the airplane. As this war develops it becomes more and more apparent that the airplane is going to play a very large part in transportation all over the world. Before we are through with this war there will be literally thousands upon thousands of airplanes in existence, and hundreds of thousands of trucks. What is going to become of them? A very large proportion of them—make no mistake about it—will be used. If we try to visualize the future of our transportation system in Canada, comprising both the Canadian National and the Canadian Pacific, I think we can look forward to the time when a very much larger tonnage of what may