

Meighen Suggests Pool For Railroad Securities To Reduce Obligations

Senate Inquiry on Demand Beatty Detail His Plan for Saving \$75,000,000

By CH. FISHER
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March 31.—Why, has the "operation for economy" enjoining upon the two railways by Parliament in 1933, failed?

What benefits would unification of the C.N.R. and the C.P.R. provide which cannot be accomplished by co-operative efforts by the two managements as separate entities?

These are the two main questions which the 20 members of the Senate railway committee will seek to have answered in the inquiry which was ordered yesterday.

The debate disclosed that both parties in the Senate consider that neither of the railway managements has conscientiously entered into the spirit of co-operation and economy. They will be asked why they have not. In addition the Liberal leader in the Senate, Hon. Raoul Dandurand, proposes to put Sir Edward Beatty, chairman and president of the C.P.R., on the "spot" and require him to tell in detail how he proposes to save \$75,000,000 on the railways by unified management.

Too much cannot be expected from this inquiry, for previous investigations of the railway problem have proved futile, and the present one is entered upon with the additional handicap of the government already being against any move toward unification. As Senator Arthur Meighen remarked yesterday, Senator Dandurand is preparing to "enter the jury room with a prejudiced mind." He would rather that the Senate leader was not pledged either to the principle of co-operation or unification.

OPPORTUNITY TO LEARN

But it is encouraging that the government should have allowed an inquiry at all, because it will provide an opportunity for informing the country what the present situation is and how it might be improved.

Yesterday's debate was featured by a broadside by Senator Dandurand against Sir Edward Beatty for his speeches in favor of unification and an equally emphatic protest from Senator Meighen, at salaried officials of the C.N.R. making themselves the champion of the railway status quo. Senator Dandurand's speech was in the form of a lengthy memorandum which the Conservative leader openly charged that it had been prepared by C.N.R. officials.

One of these, S. W. Fairweather, has made numerous speeches against unification and Senator Meighen's reference was obviously to him. Sir Edward Beatty had made no attack on the C.N.R. He had merely spoken in favor of unification, but the C.N.R. officials had gone further. They had attacked and belittled the results from the unification of the British railways through the mouth of Senator Dandurand, and Meighen deprecated such a practice. Forsooth, salaried officials of all businesses would raise objections to changes which might jeopardize their jobs.

"Surely no one is going to tell us there cannot be tremendous economies made through unification," said Senator Meighen. The results in Great Britain showed that unification had been good for the taxpayers and had not injured labor. "If we can get as much as Great Britain by unification, I'll be happy."

Senator Meighen revealed that while he was not wholeheartedly in favor of unification, he had a plan of lumping the obligations of the two roads and prorating them into several classifications. The earnings of the two roads would be pooled and applied, so far as they would go, upon the outstanding obligations of the two systems. When the committee is set up he hopes to make further amplification of his plan.

His plan is to sub-divide the securities of the two railways. "Place in Class A of Canadian Pacific securities those which on earnings of the last five or ten years are considered perfectly secure and in Class A of C.N.R. securities those selected on the same basis, then proceed to select Class B securities from the Canadian Pacific and corresponding ones for the Canadian National and finally Class C securities for each road and then get a management and bind it by law to apply the earnings first pro rata to Class A, then pro rata to Class B and lastly pro rata to Class C. We should have the management in such shape that it could not possibly sacrifice the interests of the C.N.R. without sacrificing its own. Such an arrangement would work for the best interests of the public."

But he has no hope of the success of unification of the roads if the combined property is placed under government control, for Senator Meighen has about lost all faith in the public ownership principle. "If the railways are to be unified under government ownership and management, I'd just as soon leave them as they are, and I am not very hopeful that they will be amalgamated in any other way."

In Canada and the U.S. a stage has been reached which is an inevitable consequence of a curse-at-profits-and-laugh-at-debt attitude on the part of the public. "We are drifting, drifting, drifting," declared Senator Meighen with emphasis. "And we can see that black days

are ahead, just as sure as we have eyes in our heads. If there is an appeal in this country for unification we shall hear all the cries against that great monster, monopoly, and lack of competition. I throw that taunt aside as pretty much humbug; it is not all humbug, but nearly all."

POLITICAL CONTROL AGAIN

The dangers of government ownership had become more apparent since 1933, Senator Meighen declared. After the C.N.R.-C.P.R. Co-operation Act of 1933 was passed and a trustee board set up, there had been an improvement in the C.N.R. affairs, but with the change in 1933 the road had again gone under political control. "Conditions under which the co-operation of the two roads was possible were destroyed when the operating officials were made responsible to the Government. Their conduct must be such as not to injure the Government's fortunes. They couldn't be favorable to any system which would deny votes to the Minister of Railways in Fort William (Hon. C. D. Howe)."

Senator Dandurand's contribution to the debate took the form of a prepared statement, which as Mr. Meighen pointed out, had all the appearance of being the product of the C.N.R. management. It contained a series of questions on unification which the Ottawa Journal had posed to Sir Edward Beatty and his answers, together with what Senator Dandurand described as his "comment." The benefits of unification of British railways have been argued by Sir Edward as an example to Canada, but Senator Dandurand's brief belittled the results in Britain as not coming up to earlier prophecies of possible savings amounting to from £20,000 to £40,000 sterling.

The train-pooling arrangement between Toronto and Montreal has been successful. Sir Edward is to be called upon to explain why train pooling has not been attempted between Toronto and the border at Sarnia and Windsor.

EARLY RESULTS SMALL

"A will to co-operate is needed," read Senator Dandurand. "Early results from unification will be small. If there was more effort at co-operation there would be less criticism and better results."

The personnel of the committee of inquiry follows with 10 Liberals and 10 Conservatives:

Conservatives—C. P. Beaubien (Montreal), F. B. Black (Sackville), J. A. Calder (Regina), Thomas Cantler (Picton), Louis Cote (Ottawa), John T. Haigh (Winnipeg), George B. Jones (Royal), A. D. McRae (Vancouver), Arthur Meighen (Toronto), W. H. Sharpe (Winnipeg).

Liberals—Raoul Dandurand (Montreal), George F. Graham (Brockville), A. K. Huggesson (Montreal), H. H. Horsey (Prince Edward), A. C. Hardy (Leeds), James Murdock (Ottawa), Georges Parent (Quebec), C. W. Robinson (Moncton), J. H. Sinclair (Prince Edward Island), W. A. Buchanan (Lethbridge).

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