

give or can give from a purely business standpoint, then it is for the Government to make such a bargain with that board as is akin to subsidizing that service and showing it in the public accounts. A joint board, with the compulsion of answering as trustees for the owners of that road, including the C.P.R. shareholders and bondholders, cannot possibly diverge from the line they are told to follow to manage this joint system.—A. Not to assume risks.

Q. Not to assume risks. In view of the fact that railway business in the general transport field has been and probably is going to be a diminishing factor, because of the more rapid growth of other means of transport, new capital investments from a purely business standpoint should be very, very few, and the money quite readily obtainable by the system itself?—A. I think so. I think that is a logical view you have taken, Senator Meighen. I think that would be the result. Whenever the Government says, "Because of national reasons, public interest, we demand a certain expansion of this system and a certain change," it must be prepared to provide money for that change without loading down the operating company with it.

Q. And thus keeping it out of the public accounts?—A. Yes.

*By Hon. Mr. Robinson:*

Q. Political views and public policies are changing and there is, I think, a socialistic tendency along that line. Of course, I do admit that if it comes to that stage it will be a bad thing for the C.P.R., for I think they will have to be bought out.

*By Hon. Mr. Buchanan:*

Q. Sir Edward, would there not be a likelihood on a change of government of a change in its representatives on the board of directors?—A. No. The agreement in the statute would provide for that. There would be no change. You would have to do this by contract, and it could not be changed once it was confirmed by statute. The Canadian Pacific charter is a good example of what I mean. It has been changed from time to time, but always by agreement. There would have to be a contract between these two companies. That contract would be confirmed by parliament and provide for an organization and how it should be perpetuated, and that should not be subject to change. If you are going to have five-year periods in this thing as you have had very often in the administration of the Canadian National,—

Q. That is what I have in mind.—A. —then of course it is a very serious detriment. As I see it, Senator, you have to get independence of administration, you have to reduce to a minimum the possibility of political interference, in order to make this thing a success. That is the only way in which I can suggest it can be reduced to that level.

I beg your pardon, Senator Horsey.

*By Hon. Mr. Horsey:*

Q. Just one question, referring to the labour situation. In your submission you stated that retirements, deaths, and so on, would absorb over a series of five or six years the men who would be thrown out of employment by unification. Mr. Mosher in giving his evidence last night said that under such a system there would be no chance for promotion.—A. Oh, no. I think one of the greatest fallacies, Senator, that has been introduced into this discussion is the fact that both sets of labour leaders have claimed that if this unification takes place, and these men withdraw and are not replaced, so that we operate more cheaply because we have fewer men, that that will reduce opportunity for employment in the future. You know, Senator, I cannot conceive of a more unwarranted basis for a public transportation policy than that, because if that had been true, then why were parts of the Canadian National merged to form the present system? Of course, you

[Sir Edward Beatty, G.B.E.]