

THE SENATE

Thursday, March 18, 1937.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

TRANSPORT BILL

MOTION FOR THIRD READING

The Senate resumed from yesterday the adjourned debate on the motion for the third reading of Bill B, an Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships, aircraft and motor vehicles.

Hon. A. D. McRAE: Honourable senators, I think there is one thing we will all agree on, namely, the seriousness of the railway situation in Canada. Undoubtedly it constitutes our major problem. Railway earnings of last year were encouraging in that they showed improvement over those of the preceding year, but they were not such as to lead us to be optimistic. I would call the attention of the House to the fact that in Canada we have a very limited population, some ten and a half millions of people, and that there is a limit to the freight and other business they can furnish to our over-extended railways. I notice from reports at hand to-day that Canada's international business has increased to \$1,585,000,000 for the last eleven months, which is a very fine showing, and a large increase over the business of the preceding year. In the period preceding the depression the Canadian people produced more business per capita, I think, than the people of any other nation, and the figures I have given indicate that we are rapidly getting up to top speed. The point I am trying to make is that there is a limit to the business which ten and a half million people can furnish, and at existing rates there is a limit to the amount of revenue our railways can collect.

The balance sheet of the Canadian National Railways still shows a very heavy deficit, and the balance sheet of the Canadian Pacific Railway is not such as to offer great encouragement to the shareholders. But there is one very serious factor that is not included in these balance sheets, namely, obsolescence. Anyone who studies the situation must realize that obsolescence is a factor which sooner or later must be met. The development of competitive transportation services is forcing a recognition of this fact on many railways on this continent at the present time. The only

Hon. Mr. ASELTINE.

reason why greater efforts have not been made to meet obsolescence, which is so rapidly developing in the railways of America, is inability to secure the capital necessary for this purpose.

We have heard a great deal of discussion about competitive services. I want to remind honourable senators that every mile of good road which is built only adds to the competition which the railways have to meet. It was brought out before the committee that mechanical improvements, such as the Diesel engine, were going to reduce the power costs of trucks and lorries at least two-thirds, and that this will put these competitive services in an even more advantageous position than they occupy at present. May I add, honourable senators, that much of the business that has now left our railways can never be restored to them. One might as well try to put humpty-dumpty back on the wall. It cannot be done. The public will not stand for it. The people will demand the services that are cheapest and most convenient. In my judgment the Canadian people will not stand for any brakes on progress. If we were to do so, how long would it be before we were a generation behind the times? I feel sure that Canadians will not be content to remain behind the times with regard to transportation any more than with regard to any other conveniences required by modern society.

There are only two ways out of our railway difficulties. I know it is not popular to talk in this way, but there is no harm in looking at cold facts. We all appreciate that we cannot do without our railways; the commercial life of the country demands their continuance. We must pay for the cost of their operation either by way of direct bonuses to the railways or by advanced freight rates.

All honourable senators will agree with me, I think, that the present deficits cannot continue indefinitely. I do not believe the public is prepared to stand for an advance in rates. Therefore, it seems to me, the only way to solve the problem is to bonus both railways, as we are now doing with the Canadian National. The costs of operation are daily increasing. We are in a period of increased costs. Supplies, labour, and all things that go into the operation of a railway, are on the way up in price. For reasons that I have shown, we cannot expect any great increase in passenger and freight traffic. Then how will the companies be able to continue in business unless some provision is made for them to take care of their deficits? I believe we might just as well consider that we are now giving a bonus of from forty to fifty million dollars a year to the Canadian