

One of the suggestions that we made ourselves was to abandon our main line from Kamloops to Petain.

An Hon. SENATOR: Where is that?

Mr. BEATTY: That is near Ruby Creek, about seventy-nine miles from Vancouver. We have probably one of the finest pieces of railway in existence, physically speaking, but it has adverse grades. The National Railways have a water grade, and we suggested that we use their line. That would mean putting their line in the same physical condition that ours is in now, and we suggested that they should join with us at Petain and use our line, including the double track, from Ruby Creek into Vancouver.

Hon. Mr. CALDER: What would you say to having Parliament adopt the principle of compulsory arbitration, to be brought into effect only by the Governor in Council? In other words, to carry out your suggestion and carry on co-operation without the arbitrary tribunal, but if co-operation were to fall down to bring in the third part of the Bill. I do not ask you to answer that.

Mr. BEATTY: That, of course, is always a possibility. The suggestion was made, I think from some outside source, the other day, that you should stop the operation of Part 2 of this statute. Of course we would know that the results of our co-operative efforts under Part 2 would depend on whether the Government would make this compulsory.

Hon. Mr. DANDURAND: Mr. Beatty, I would like you to give us a little more light on the difficulty\* of reaching the full economies you have mentioned through the abandonment of 5,000 miles of railway. May I suggest, first, that the officials of both companies have agreed that these economies are desirable.

Mr. BEATTY: Yes, but the officials of the two companies are not at one as to the extent or the nature of the economies or the results which will accrue. The difference between economies in consolidation and administration and economies if you leave the railways to operate as separate entities lies in the fact that in the latter case you have to preserve to the company its own lines. You cannot take them up or abandon them, but in the case of consolidation you substitute one line for another.

Hon. Mr. DANDURAND: But in the main the economies effected would bring about a greater number of arrangements for running rights between the two railways?

Mr. BEATTY: Yes, sir.

Hon. Mr. DANDURAND: Now, suppose this Bill passes as it is, the two companies having laid before the Royal Commission their scheme of economy by the abandonment of lines and running rights, which you suggest as being necessary to effect the economies, the arbitral board would impose upon you the acceptance of the economies suggested by both systems thus bringing about the abandonment of some 5,000 miles of useless railway. Since the C.P.R. admits that the abandonment of lines would bring about the necessary economies to the C.P.R. and to the Canadian National Railways, what effect would it have on the C.P.R.? How would it affect the whole working of the Canadian Pacific Railway Company if, by force of arbitration, while maintaining the two entities, the board declared that the economies suggested by the two railways must be effected?

Mr. BEATTY: If the two railways suggest an economy through the abandonment of line or through joint sections, there is nothing gained. They can do that to-day. That is my theory about this co-operative effort. We will do that to the extent that we think we can in justice to the security holders and shareholders on the one hand and to the people of Canada on the other.