# START

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CANADA

MICROFILMED
BY
CENTRAL MICROFILM UNIT
PUBLIC ARCHIVES
OF
CANADA
OTTAWA, ONTARIO

MICROFILMÉ
PAR LE
SERVICE CENTRAL DU MICROFILM
ARCHIVES PUBLIQUES
DU
CANADA
OTTAWA, ONTARIO

6/11/1968 DATE

REDUCTION 13

J Quinn OPERATOR / OPERATEUR

EXPOSURE / EXPOSITION 76

ARC-178(1/66)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

ROLL
— 93 —

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS

Series 5

(M.G. 26, I, Volume 187)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D19011

R.B.

DEPARTMENT OF
RAILWAYS AND CANALS

CANADA

GEORGE W. YATES,
ASSISTANT DEPUTY MINISTER

OFFICE OF ASSISTANT DEPUTY MINISTER
OTTAWA, ONT.

March 1, 1935.

78

Dear Mr. Meighen,

Re Senator Casgrain's inquiry respecting the port of Churchill, Manitoba:

This is to advise you that this matter has been cleared so far as this department is concerned, and the the answers have been supplied to the Secretary of State, who, I am informed, has heard also from the Department of Marine, but still awaits some information from the Department of National Revenue, which has wired its Winnipeg representatives asking that the matter be expedited. The delay, so far as this department is concerned, was unavoidable, certain of the information having had to be secured from Churchill.

The reply, being a composite one, will of course reach the Senate through the Secretary of State.

Yours faithfully,

Geo. W. Yates

Assistant Deputy Minister
and Secretary.

Right Honourable
Arthur Meighen, K.C., P.C.,
Leader of the Senate,
Ottawa.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Rep

DL 9012

CANADIAN PACIFIC RAILWAY COMPANY

W. H. CURLE, K.C.
GENERAL COUNSEL
E. P. FLINTOFT, K.C.
GENERAL SOLICITOR
G. A. WALKER, K.C.
ASSISTANT GENERAL SOLICITOR
D. I. McNEILL,
SOLICITOR

W. N. TILLEY, K.C.
CONSULTING COUNSEL

LAW DEPARTMENT
L 39566

MONTREAL March 25, 1935.

112 F

Rt-Hon. Arthur Meighen, P.C.,
The Senate,
Ottawa, Ont.

Dear Mr. Meighen:

I am much obliged for your letter of 23rd - (written by hand) instant.

We will be on hand for the meeting of Committee on Wednesday morning.

Yours very truly,

E. P. Flintoft

EPF/M.

General Solicitor.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0E9013

CANADIAN NATIONAL STEAMSHIPS

CODE ADDRESS
"CANGOMAR"
CODE USED
SCOTT'S 10TH EDITION

OUR FILE NO

March 28th, 1935.

OPEN LETTER

Col. V.I. Smart,
Deputy Minister of Railways and Canals,
Ottawa, Ont.

Dear Colonel Smart:

Before dealing with the general situation may I at this time express my appreciation for the many courtesies and assistance that you have been kind enough to render me during my tenure of office as General Manager of the Canadian National Steamships.

My forced retirement from this position is due, according to advise given me by Judge Fullerton on the afternoon of the 27th instant, and which retirement became effective today, to my lack of co-operation with the Trustees.

When the Trustees were oppointed and took over in 1934, I was advised by the Chairman of the Board that I was expected to keep him posted as regards all matters in connection with the ships, and I pointed out to him at that time, which he no doubt will refute as I am sorry to say the gentleman has not a particularly good memory, that it was impossible for me to run the organization and keep him posted of all details, but that I would be glad to advise him of any matters of moment that might arise. I would also like to point out at this meeting I was informed that in future, the Canadian National Steamships, amongst other subsidiaries of the System, would report direct to the Chairman and not the President. I was somewhat surprised to receive this information as according to the Act, this appeared to me to be somewhat beyond the authority granted under such Act.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

010014



Col. V.I. Smart, March 28th, 1935.

However, in view of these instructions, I naturally had to abide by same, but felt assured at that time in view of the onerous duties of the Chairman, I could not possibly consult him as regards all the details of the business, and it had not been the custom in the past to do so nor is it the practice in a privately organized Company to consult the Directors in relation to the actual management of the ships.

The first difficulty that I ran up against was the appointment of an Engineer-in-Chief which you will no doubt recall I recommended in a report to the former Board of Directors in 1932. My anxiety to make such anappointment was due to the fact that the ships had been allowed to run down to such an extent that when sales took place, we were forced to accept prices much below what should have been secured for vessels of an age under fifteen years. The reports in respect to the various steamers have just about been completed at this time, and by reviewing same, it will be noted that the condition of the fleet other than the new passenger vessels is deplorable and is entirely due to inefficiency and lack of proper supervision in the early years of their life.

It was only after three or four months that I was authorized to make such an appointment.

Might I also bring to your attention the report issued by me to the former Board of Directors under date of March 22nd, 1932, copy of which was distributed to each of the Directors and the Executive. Not one recommendation in this entire report was dealt with by the old Board. In the early part of the Trustees' regime, Iwas asked for a similar report, showing the activities of and all matters pertaining to the fleet. This was supplied and sent to the Chairman under date of January 29th, 1934. Similarly, not one item of this report has been acted upon as yet with the exception of the appointment of a Superintendent Engineer, The condition of the ships of the fleet which has been revealed since the appointment of this gentleman, has necessitated large expenditures of money which is reflected in the Annual Balance Sheet of 1934. This work was entirely necessary to bring the vessels to an operating standard of efficiency. For the combined fleets, the expenditure in 1933 was $302,461.00 representing $2.23 per deadweight ton in operation, and in 1934, $464,000.00 representing $3.39 per deadweight ton in operation. In other words, the cost of bringing the fleet to the proper standard of efficiency insofar as it lies within human power after what has been allowed to go on in the past, simply means practically the entire operating deficit in 1934 figures is represented by the expenditure of money in this work which would not have been necessitated had the fleet been properly taken care of in the past.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119015



Col. V.I. Smart, Montreal, March 28th, 1935.

Another matter for which I am being criticised is the re-appointment of a Policeman in the city of Halifax by the name of Michael O'Malley, an Irish Roman Catholic who was discharged for insobriety. Pressure was brought to bear by various interests in Halifax on the Minister of Railways and after an investigation which I held personally, I was satisfied the man had been harshly dealt with in view of his twelve years service, and therefore suspended him for two weeks and reinstated him as watchman without reduction in pay. It appears that I should have consulted the Trustees before making such reinstatement.

Again there is the question of not consulting the Trustees in regards to the drydocking of the "Canadian Highlander" and "Canadian Britisher" at the port of Saint John. It is perfectly true this matter was not taken up with the Board as I did not consider it essential so to do.

In ordinary steamship practice and as a matter of fact legally, the diversion of one of these steamers into the port of Saint John would have been entirely foreign to the proper procedure and would not have received consideration from any private line for one moment for the following reasons: (1) It is a diversion from the ship's advertised schedule, and such diversion would immediately abrogate all cargo insurance and throw the onus of responsibility for the value of the cargo on board the vessel on the Steamship owners not only until delivery in Canada by the steamer, but until delivery at whatever destination is shown on the Bills of Lading, and which in the instances of one or two commodities is the West Indies. It has been ruled in Court of Law such diversion absolutely abrogates cargo insurance policies, and that anything whatever which may transpire not only due to such diversion, but to any other cause whatever, the Steamship owners are responsible. (2) Both the "Canadian Highlander" and "Canadian Britisher" on their regular itinerary call at the port of New York. A drydock was available there and the work was completed at a cheaper cost than even would have been possible at their terminal port, Halifax. Diversion to Saint John would not only have put the onus of responsibility on the shoulders of the ships' owners insofar as cargo is concerned, but would have cost an additional sum of money for the diversion and transference of the ship to Halifax.

I have always presumed, and have endeavoured to operate the organization on a basis similar to a private line, and still do not feel, notwithstanding all that has transpired, that I had any justification for diverting these steamers into Saint John. Had I done so or had the Trustees acted on their own authority and agreed to such diversion, and anything happened to the steamer, I think the Government of Canada would have been justified in such instance, in dispensing with all of our services.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119016



Col. V.I. Smart, Montreal, March 28th, 1935.

We are operating the Australian - New Zealand Service with eight ships, and it is only by the closest supervision that it has been possible for us to sail these ships anywhere near their advertised dates, and if we did not adhere to the advertised date as closely as possible, we would naturally have complaints from Canadian exporters. It has been our endeavour to hold all Canadian traffic to Canadian ports. Shippers in Canada, particularly automobile shippers, can route as easily via New York - in fact easier with far better service than they can secure from us during the winter months.

The exception taken by Saint John in regards to not being allowed to do this work at a Canadian yard and the routing of newsprint paper to Portland rather than Halifax is, I am assured, instigated not primarily on these points but largely on the general attitude of the System in favouring Halifax as compared with Saint John. In both these instances I suppose they had rather good excuses to take exception to what transpired in Saint John on the Chairman's visit last autumn, and also the interview granted a delegation from Saint John at McGill Street last fall. The residents of that City were entirely dissatisfied with the System activities as a whole and the definite decision that the steamers on the Australian - New Zealand Service would not terminate at the port of Saint John during the coming winter.

One's record and past performance and what I have been successful in carrying out with the hearty co-operation of practically the entire personnel of this organization is reflected in the figures which I give you in the attached statement, and which I am prepared to stand by, and I am also definitely satisfied in my own mind that they are above criticism.

I joined the service as Assistant General Manager in July 1929 and therefore feel I am entitled to take some credit for the actual reduction of expenses prior to my actually taking charge in 1932. Reference to back figures can be secured at any time if desired, but I would like to point out insofar as the Merchant Marine is concerned, the Operating result has improved by approximately $200,000.00 and in the West Indies fleet, by $165,000.00 since I took charge, and that expenses have been reduced by $170,000.00 in connection with the C.G.M.M. with little change insofar as the West Indies Service is concerned. I must also mention in justice to the organization that these improved results have taken place during the worst three periods of the depression when revenues were very materially lower than they had been in the past.

One of the primary reasons which prevented me from passing on all matters of detail to the Chairman was the fact that when I came into

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Col. V.I. Smart, Montreal, March 28th, 1935.

this organization, there was a Vice President with a salary of $15,000.00, a General Manager with the same salary and two Assistants to the General Manager with salaries of $8,000.00 each per year. Today I have the organization to run alone.

I frankly feel that I have personally been penalized. I do not think with the records mentioned herein that I need amplify my case.

With kindest regards and once more expressing my thanks and appreciation for the many kindnesses you have extended to me in the past,

I am,

Yours very truly,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

009018

CANADIAN GOVERNMENT MERCHANT MARINE, LIMITED

AND

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS, LTD.

COMBINED FINANCIAL RESULTS 1930 TO 1934 INCLUSIVE.

| YEARS | REVENUES INCLUDING SUBSIDIES | TOTAL EXPENSES | OPERATING INCOME |
|---|---|---|---|
| 1930 | $ 8,957,597.30 | $ 10,314,945.17 | $ 1,357,347.87 |
| 1931 | 7,438,214.83 | 8,329,068.89 | 890,854.06 |
| 1932 | 5,584,832.87 | 6,195,161.98 | 610,329.11 |
| 1933 | 5,286,871.71 | 5,702,807.54 | 515,935.83 |
| 1934 | 5,812,297.49 | 6,036,241.91 | 223,944.42 |

For the year 1935 the results will be in black.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

009019

Ottawa, Ontario.
April 4, 1925.

Dear Mr. Allan:

I have your letter of 3rd and have read same along with enclosures very carefully. It is impossible not to be impressed with the substance of these letters.

I really do not know what it would be in my power to do. My duties here are confined to the Senate and I can undertake no more because my obligations at Toronto will not permit. Some mutual friends had spoken to me on the subject of your dismissal earlier and it may possibly be that in co-operation with them I can be of some service.

Yours very truly,

Arthur Meighen.

Mr. Andrew H. Allan,
3 Redpath Place,
Montreal, Que.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

VL 9020

3 Redpath Place,
Montreal,
April 3rd 1935.

My dear Senator,

I am taking the liberty of writing you in view of the very many complimentary remarks which my relatives have made concerning you and I therefore feel that through this association I may take the liberty of trespassing on your kindness.

Due to a difference of opinion between myself and the Trustees of the Canadian National Railways I was notified that my services were dispensed with on the 27th ult.

I can state without qualification that I have served the Steamship Company since I joined late in 1929 to the very best of my ability and have been successful in reducing the operating loss from $1,357,000.00 in 1930 to $223,000.00 in 1934.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

011021

with very fair prospects of an operating profit this year. This without subsidy from Canada I think is a situation noone ever anticipated.

My difficulty with the Trustees is I think fully explained in the attached letter of March 28th to the Deputy Minister of Railways & Canals and I am taking the liberty of attaching two copies of telegrams despatched (entirely unsolicited and unknown to me until today).

Naturally I feel I have been unjustly dealt with. I have been advocating for some time past for a separate Board of Directors for the Steamship Co. in order that we might, after due investigation, receive the full support of said Directors rather than what I may justifiably state has been adverse criticism for the last year. The Chairman on more than one occasion has stated in no uncertain

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

009022

terms his wish to get rid of the Steamship Co. and all its ramifications.

May I trespass on your kind offices to assist me at the moment, reinstate me in my former position and if it is not possible at this time to appoint a separate Directorate for the Steamship Co. to transfer the control to the Department of Railways & Canals.

Please believe that I have hesitated and given serious thought to the general situation before writing you in connection therewith.

Yours faithfully,

A. H. Allan

Andrew H.Allan.

The Right Honourable Arthur Meighen, P.C.

Ottawa. Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OTTAWA ONT APR 2

COPY 009023

H N MCMASTER
PRES NATIONAL ASSN OF MARINE ENGINEERS OF CDA 715 COMMON ST
MONTREAL QUE

YOUR WIRE RECEIVED THIS IS MATTER WHICH IS ENTIRELY IN THE HANDS OF THE MANAGEMENT AT MONTREAL AND THEREFORE THE GOVERNMENT HAS NO CONTROL WHATSOEVER AS THE DIRECTORS OF THE STEAMSHIPS COMPANY ARE IN ABSOLUTE CHARGE OF THAT BRANCH OF THE SERVICE

R J MANION

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Honorable R.J. Manion,
Minister of Railways and Canals,
Department of Railways and Canals,
Ottawa, Ontario.

OL9024

Have just learned of removal of Canadian National Steamships' General Manager stop We consider his removal a decided loss to the Government service and protest his removal as Canadians of his ability and familiarity of sea-faring interests and fairness to Canadian labor are difficult to obtain stop We further consider charges launched against him are unfair and actuated from personal motives and not from any neglect or inefficiency or inability on his part and therefore personal differences by any St. John interests or others should not be used to deprive the Government of a valued service stop I am following this up with a letter more fully setting forth intricate conditions which no doubt have inspired the movement of the St. John Board of Trade who may not be interested outside St. John.

(Signed) National Association of Marine Engineers of Canada, Inc.
Central Division N.S.A. & O (M.N.) F of C.

H.N. McMaster. President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U

Rep

89 D 19025

3 Redpath Place,
Montreal,
April 8th, 1935.

Dear Mr Meighen:-

Please permit me to express my appreciation for the prompt and courteous reply to my lines of the 3rd. inst.,

I fully realised the many calls made upon you but trust that should a convenient opportunity arise you will be kind enough to put in a word for the segregation of the steamships from the railway.

Yours faithfully,

A. H. Allan

Andrew H. Allan

The Rt, Hon. Arthur Meighen,
The Senate,
Ottawa, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

DL9026

DEPARTMENT OF RAILWAYS AND CANALS
CANADA

36

Ottawa, March 20,1936.

Memorandum:

Re Free Transportation.

For the greater convenience of Senators and Members requiring Canadian National Railways passes for dependents, as authorized by the Railway Act and the regulations of the Board of Railway Commissioners, it has been arranged that, on and after April 1st. next, all such applications shall be dealt with by the staff of the Canadian National ticket office, 93 Sparks Street, Ottawa, instead of by the Department of Railways and Canals acting as agent for the Railways.

As heretofore, all requests for passes should be made on the form prescribed by the Board of Railway Commissioners, copies of which form will, in future, be supplied on application to Mr. I.C.Reece, General Agent, Canadian National Railways, at above address, or telephone, Queen 182.

Geo. W. Yates

Geo. W. Yates

Assistant Deputy Minister
and Secretary.

To all Senators and
Members of the House of Commons,
Ottawa, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

DL 9027

Copy sent to R. B. Bennett
Hon. F. B. Black
Sir H. L. Drayton
Hon. C. P. Fullerton
J. S. McLean.
C P. Beaubien

320 Bay Street, Toronto,
February 10, 1938.

General Secretary,
Canadian Industrial Traffic League,
Room 042, Union Station,
Toronto, Ont.

Dear Sir:

I am in receipt of your letter of 7th February, enclosing for my consideration copy of a communication addressed by yourself on behalf of the Industrial Traffic League to the Honourable the Minister of Transport, transmitting a Resolution passed with respect to the Railway situation.

This Resolution I have read carefully, and I want to say to you frankly that I consider it one of the most foolish resolutions which have come to my attention in many a long day. The Resolution recites that the method of operation recommended by the Duff Railway Commission in 1932 and put into effect by the Canadian National-Canadian Pacific Act of 1933 has "so far failed to effect important economies." It then goes on to deplore the failure of these economies and to recommend the appointment of another Commission, the new one to be "a non-partisan body" to make a further survey with a view to bringing into effect certain savings by means of co-operation along several specified lines.

It would be difficult indeed for the plan of operation recommended by the Duff Railway Commission to be effecting economies after the plan has been totally abandoned. It was totally abandoned immediately the present Government took office, and the Canadian National-Canadian Pacific Act of 1933, of whose results you complain, was in every important essential repealed. It was only in operation one full year and nine months, enabling the Board of Trustees appointed under it to report but for a single complete fiscal year. In that very brief period of time, insufficient to test out any method, gratifying economies were effected, with results probably as favourable as could have been expected in the period of general depression which then prevailed. Your League has been careful to make no criticism of the repeal above outlined, so hastily effected by the present Administration--indeed your Resolution assumes that there was no such repeal.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MG 9028



Your Resolution further makes no criticism at all of the scrapping of the Duff Report, which provided as effective means as could be devised for economies along the very lines suggested by yourselves. I have never heard the Duff Commission attacked as a partisan Commission. It would be impossible so to attack it, and interesting indeed if the League could suggest the name of a new body which would be less subject to such a criticism. It is surely time this country was calling for action instead of for Commissions.

Yours truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119029

Room 042, Union Station,
Toronto, Ont., February 7, 1938.

File 108-12-2 .

Sir:

There is attached hereto for your consideration a copy of a communication which I today addressed to the Honourable C. D. Howe, Minister of Transport, in respect to the proposed Federal Transport Bill.

Yours very truly,

THE CANADIAN INDUSTRIAL TRAFFIC LEAGUE

General Secretary.

The Right Honourable Arthur Meighan, P.C.,
The Senate of Canada,
Ottawa, Ontario.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

011030

Room 042, Union Station,
Toronto, Ont., February 7, 1938.

File 108-12-2

Sir:

In view of the forecast in the speech from the throne at the opening of Parliament of legislation at the present session to provide for an extension of the powers of the Board of Railway Commissioners for Canada, The Canadian Industrial Traffic League, in annual general meeting assembled in the City of Montreal, the third day of February, nineteen hundred and thirty-eight, endorsed the appended representations which I respectfully submit for your consideration.

Yours very truly,

THE CANADIAN INDUSTRIAL TRAFFIC LEAGUE

General Secretary.

The Honourable C. D. Howe, B.Sc.,
Minister of Transport,
Ottawa, Ontario.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

REPRESENTATIONS FROM THE CANADIAN INDUSTRIAL TRAFFIC LEAGUE DEALING WITH THE PROPOSED FEDERAL TRANSPORT BILL

OL 9031

The Canadian Industrial Traffic League composed of Traffic Managers, Directors of Traffic or other officials charged with the responsibility of directing the traffic policies of the companies they represent throughout Canada from the Atlantic to the Pacific Oceans, being a national organizationof the users of transport, desire to submit the following suggestions in reference to the forthcoming Federal Transport Bill:

1. Re Federal Board of Transportation Commissioners.

The present Board should be retained as the nucleus of a new Board with additions made to the present personnel of men having adequate knowledge of the various forms of Transport that are to be brought under the regulation of the Transport Board.

2. Transportation by Water.

(a) That due to the great diversity of operation required for the coastal and intercoastal trade, these types of operation should be given careful consideration in any proposed regulations.

(b) That bulk cargo movement, involving different methods of transportation by water than that of package freight be left unregulated.

(c) We are sympathetic to the regulation of package freight, provided same can be done without undue restrictions being imposed on the free and adequate movement of these services.

3. Transportation by Highway.

In view of the present investigation by the Ontario Royal Commission of the Highway Transport situation, it is submitted that nothing should be done in regard to this particular form of transportation until such time as the Ontario Royal Commission has submitted to the Ontario Government its findings and recommendations and action taken thereon by the Ontario Government.

4. Harbour Tolls.

We have no specific observation to make in regard to the above except to state that as a matter of equity it is our view that where goods are discharged from one vessel to another, overside without handling through wharves or warehouses, there should be a lower charge for harbour dues or tolls than would be required if such shipment requires the use of the entire conveniences, facilities and or services of the various harbours under the control or direction of the Department of Transport.

5. Agreed Charges.

We are strongly opposed to the incorporation in the economy of Canada of any provisions permitting the introduction and application of these as a feature of our transportation services, believing same to be a retrograde step and we are opposed to same for the following reasons:

(a) There is no necessity for making provision for these in Canada as the present provisions of the Railway Act, as found in Sections 328, 329, now contain provisions for the making of:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

009032

1. Standard Freight Tariffs
2. Special Freight Tariffs
3. Competitive Freight Tariffs

and these give to the users of transportation in Canada as well as the Canadian Transportation Companies, all the freedom and liberty required for the establishing of fair, just and reasonable rates and rate making conditions that are necessary.

(b) Further, by the provisions of sections 330, 331 and 332, the Rail Transportation Companies are provided with all the powers required for the proper exercise of their privilege of meeting all forms of competition in an open, fair, just and reasonable way, subject to filing with the Railway Board by specified procedure and in a manner that gives adequate and proper notice to all concerned, thus providing all the necessary machinery required without further addition.

(c) We would further point out that section 344 of the Railway Act gives very wide powers to Transportation Companies even where the competitive factor does not enter to make adequate arrangements to foster trade and commerce where such development is not contrary to the public interest or in contravention of the Railway Act.

(d) In the introduction of these experimental agreed charges in the United Kingdom (a small, compact, densely populated country of short distances) it does not follow that successful operation there, even if proven, would be similarly successful in Canada, covering as it does immense areas of sparsely settled country and small communities.

6. <u>General Provisions:</u>

It is now submitted that nothing should be done or any procedure created that would in any degree restrict or destroy the inherent advantages that pertain to each form of Transport within their proper sphere, and all should be free as those are now who are subject to the direction of the Railway Board to continue to carry on their rate making facilities in the proper legal manner prescribed by the Board and subject to objection where considered necessary by any interests concerned therewith.

Any provisions in the Bill should be stated in such clear and comprehensive language, and in such definite terms as to remove any possible doubt as to the intent of same, and should not be susceptible to misinterpretation by the users of the various forms of transport, thus eliminating possibility of litigation on behalf of the shipping and receiving public.

Provision should also be made for the following:

The various forms of transport may arrange for the issuance of joint through rates, collection and remittance of charges for transportation, and all the other necessary matters involved in connection therewith as may be prescribed by the Board of Transport Commissioners, including the issuance of uniform bills of lading applicable to all forms of transport, and to the movement of goods over one or more of such forms of transport whether by rail or otherwise.

- - - - - - -

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

009033



legislation, a plan that will provide the utmost economy in operating the railway systems of Canada. Such non-partisan body should seriously consider among others the following economies:

(a) Joint terminals and facilities wherever possible.
(b) Joint express service.
(c) Joint telegraph service.
(d) The abolition of all ticket offices except at stations.
(e) Elimination of duplicate services facilities and trackage wherever possible.
(f) Reciprocal interchange of running rights.
(g) Joint publication of tariffs.
(h) Pooling of passenger transportation.
(i) Joint use of rolling stock.
(j) Consolidation of certain operating departments including car service, repair shops, etc.

Your obedient servant,

THE CANADIAN INDUSTRIAL TRAFFIC LEAGUE

General Secretary.

The Honourable C. D. Howe, B.Sc.,
Minister of Transport,
Ottawa, Ontario.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

009034

Room 042, Union Station,
Toronto, Ont., February 7, 1938.

File 108-12-2

Sir:

There is attached hereto for your consideration a copy of a communication which I have today addressed to the Honourable C. D. Howe, Minister of Transport, transmitting a resolution respecting the Railway situation.

Yours very truly,

THE CANADIAN INDUSTRIAL TRAFFIC LEAGUE

General Secretary.

The Right Honourable Arthur Meighan, P.C.,
The Senate of Canada,
Ottawa, Ontario.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

009035

Room 042, Union Station,
Toronto, Ont. February 7, 1938.

File 108-12-2

Sir:

The Canadian Industrial Traffic League, which includes in its membership the traffic officials of the leading commercial and industrial enterprises in Canada, assembled in annual general meeting in the City of Montreal, February third, nineteen hundred and thirty-eight, endorsed the following resolution which is respectfully submitted for your consideration:

WHEREAS the Canadian Industrial Traffic League recognizes that the Railways of Canada must continue, as far as can be foreseen, as the basic integral part of Canada's transportation system; and

WHEREAS we view with continued alarm the steadily mounting increases in the national debt which have been augmented by the annual deficit of the C.N.R., which have amounted, since 1923, in excess of $960,000,000; and

WHEREAS these cash deficits are continually mounting, averaging over a million dollars a week; and

WHEREAS the method of operation of the C.N. and C.P. Railways recommended by the Duff Royal Commission in 1932 and put into effect by the Canadian National-Canadian Pacific Act of 1933, has so far failed to effect important economies (amounting to little over a million and a half dollars per annum as against thirty millions estimated by the Commission); and

WHEREAS the state of our national finances is such that notwithstanding some improvement in railway revenue, as a result of increased traffic, we agree with responsible business, and regulative and investigating bodies that every safeguard against avoidable dissipation of railway revenues demands a satisfactory solution of our railway problem.

BE IT RESOLVED that the Canadian Industrial Traffic League in Annual Meeting assembled in Montreal joins with other bodies in deprecating the continuance of the present situation and urges upon the Government of Canada the paramount necessity for further consideration of the Railway situation by the appointment of a non-partisan body to make a further survey with the object of bringing into effect, ultimately by

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D119036

320 Bay Street, Toronto,
February 15, 1938.

Hon. C. P. Beaubien,
84 Notre Dame St. West,
Montreal, Que.

My dear Senator Beaubien:

I have your letter of 14th. You can depend upon it I will make a speech when you bring up the subject of settlement of our Railway problem. Just the other day I read over the one I made in justification of my vote against Mr. Howe's legislation in 1936. I have been exceedingly glad since that I, myself, took a directly antagonistic stand to that legislation. I am now sending you a copy of a letter on the same subject, which I wrote to the Canadian Traffic League the other day.

Sincerely yours,

AM/E.
Encl.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

009037

THE SENATE
CANADA

Office of the Hon.C.P. Beaubien,
84, Notre-Dame St. West.

Montreal, February 14, 1938.

Rt. Hon. Arthur Meighen, K.C., P.C.,
President,
Canadian General Securities,
320 Bay Street,
Toronto, Ont.

My dear Leader:-

I think the time has come when a determined effort should be made to force the Government to settle the C.N.R. problem.

Public opinion is ripe for a demand that this should be done. It has, no doubt, been influenced by constant propaganda and, still more, by ever recurring disastrous results.

The Senate, in 1925, proposed, after a long and full investigation, and in accordance with the best advice available, a formula which experience has demonstrated to be the only really effective one to remedy present conditions.

This suggestion was made by the Senate unanimously, by both parties and without one dissenting voice. If, at the conclusion of the debate that will follow upon my submission of the motion before the House, the Senate should overwhelmingly adopt the motion, it might impress the Government but surely would stimulate public opinion in the right direction.

These considerations bring me to ask for your mighty help in the discussion. If you strike out with your usual vigour, the immense majority of the House will rise with you and demand that the Government should, no longer, shirk its duty and should, at last, face its responsibilities.

A determined effort may bring action on its part for, with his ear to the ground, Mr. King must hear the growing clamor for immediate settlement, now

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119038

THE SENATE
CANADA



Rt. Hon. Arthur Meighen.

voiced by the majority of newspapers in the country. If the Government still elects to procrastinate, it will be brought face to face with its responsibility before the whole country.

I venture to suggest that a word from you to a dozen or so of our friends in the Senate would induce them to take part in the debate and to voice the opinion of the different sections of the country, which they represent. This would add considerable authority to the resolution, if adopted.

Very sincerely yours,

C. J. Mackenzie

CPB-AG

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

P. F. BAILLARGEON,
SECRETARY

BOARD OF
RAILWAY COMMISSIONERS
FOR CANADA

D 19039

OFFICE OF THE SECRETARY
OTTAWA

March 11th, 1938.

#9

Dear Sir,-

I take pleasure in sending you herewith, for your information, a copy of a summary of the activities of the Board of Railway Commissioners for Canada in connection with its Annual Report for the year ended December 31st, 1937, which was tabled in the House of Commons and in the Senate a few days ago.

I subscribe myself,

Yours very truly,

P. F. BAILLARGEON

Secretary, B.R.C.

Hon. Arthur Meighen, P.C.,
The Senate,
OTTAWA, ONT.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

009040

# THIRTY-THIRD REPORT OF THE BOARD OF RAILWAY COMMISSIONERS FOR CANADA FOR THE YEAR ENDED DECEMBER 31, 1937.

---

During the year covered by the period from the 1st of January, 1937, to the 31st December, 1937, the Board held 44 public sittings at which 111 applications were heard. The number of public sittings held in the various Provinces were as follows:

| PROVINCES | NUMBER |
|---|---|
| Ontario..... | 19 |
| Quebec..... | 10 |
| Manitoba..... | 2 |
| Saskatchewan..... | 4 |
| Alberta..... | 3 |
| British Columbia..... | 4 |
| Nova Scotia..... | 0 |
| New Brunswick..... | 2 |
| Prince Edward Island..... | 0 |
| Total..... | 44 |

The number of matters dealt with by the Board without hearings as distinguished from matters heard at public sittings constitutes a considerable percentage of the total applications and complaints dealt with, that is to say, out of a total of 2,204 applications and complaints received and dealt with by the Board, 111 were set down for formal hearing, and 94.96 per cent were disposed of without the necessity of formal hearing. These complaints that are dealt with and settled without the necessity of a hearing in many instances entail a con-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W L 9041



siderable amount of enquiry and consideration on the part of the Board's officers, and cover a wide range of subjects, from matters of a more or less trivial nature to matters of general public interest affecting the community as a whole.

In connection with these matters it might be noted that the total number of miles travelled by the Board and its officers during the year amounted to in round figures 531,490 and the time taken up in formal hearings and the necessary travelling in connection therewith equalled 35 out of every 100 working days.

These applications included a variety of matters falling within the jurisdiction of the Board, from the complaint of a private individual to more important matters of general public interest such as freight rates, etc.

The number of General Orders issued by the Board was 7 and the number of General Circulars issued under the Board's direction to all railway companies subject to its jurisdiction was 2. The total number of Orders issued by the Board for the year was 1,556. The General Orders as distinguished from other Orders issued by the Board are those immediately affecting all railway companies subject to its jurisdiction.

General Orders and Orders of general public interest are published in a semi-monthly pamphlet issued on the 1st and 15th of each month. Also published in this pamphlet are all judgments and rulings rendered by the Board, summaries of all Orders issued by the Board which are not of general interest, as well as circular letters addressed to all railway companies

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119042



under the Board's jurisdiction, monthly reports of highway crossing accidents, and other matters of less importance.

The above mentioned pamphlet may be secured by communicating with the King's Printer in Ottawa.

Railway freight rates and express rates are constantly being revised or new rates established, such changes being necessitated by the establishment of new industries, new products, new sources of supply, new forms of competition and a variety of other reasons. During 1937 the Traffic Division of the Board received, recorded and filed rate schedules (local, joint and international) from railway, express, telephone, telegraph and international bridge companies, as follows:-

| | |
|---|---|
| Freight..... | 38,733 |
| Passenger..... | 7,894 |
| Express..... | 2,282 |
| Telephone..... | 1,493 |
| Telegraph..... | 13 |
| Sleeping & Parlour Car..... | 40 |
| Bridge Tolls..... | 7 |
| Total..... | 50,462 |

The filing averaged approximately 170 schedules for each working day of the year. With respect to a great many commodities, for example, forest products, the rates for different territorial application, such as within the territory covered by the Maritime Freight Rates Act, eastern Canada outside of the territory just referred to, between points on the prairies, between points in B.C., from B.C. and the prairies to eastern Canada, from various parts of Canada to the United States, and to the ports for export, are contained in numerous separate tariffs. To facilitate compliance with enquiries for rates, it is necessary to maintain a very complete

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

commodity card index of the tariffs in effect showing name of the company, the number of the tariff, the commodity, the territorial application of the tariff, etc., in addition to the filing and recording already referred to.

Canadian railway companies are also required to file, with each separate tariff or supplement which changes rates or regulations, a statement showing the number of the tariff or supplement, effective date, commodity affected, points from, to or between which rates apply, present and proposed rates in cents and a concise statement of the reasons for the change. During 1937, 5,065 such freight rate change advices were received, checked and recorded.

During 1937, there were received in the Traffic Division, 155 new files with respect to applications and complaints made to the Board concerning rates and practices of railway, express, telephone, telegraph and bridge companies, involving investigation and report to the Board.

Under the provisions of the Maritime Freight Rates Act, 1927, with respect to the companies operating in the territory covered thereby, (except the Canadian National Railways), the Board is required to certify to the Minister of Transport the amount of the difference between the tariff tolls and the normal tolls which, but for the Act, would have been effective. This requires reports being made to the Traffic Division showing each individual shipment that

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

moves in the Maritimes, the rate charged and what would be the normal rate. Every shipment is checked as to freight classification, weight, rate and also the extensions. During the period July, 1936, to June, 1937, inclusive, there were filed 18,968 abstract sheets which involved the checking of 1,403,632 rates, 701,816 extensions, and the addition of 18,968 columns of figures. This required the issuance of 3,494 corrections. As a result of this check, it was found the railways claimed $740,893.53, but the amount allowed was $737,160.29, or a net deduction of $3,733.26.

During this period 191 Orders were issued approving tariffs of rates and certifying the normal tolls. The number of outgoing letters in connection with the administration of the Act was 816.

Sections 345, 346 and 347 deal with reduced rates and free transportation. The Act requires the companies to make periodical returns to the Board in respect thereof, verified by affidavit, and it is the duty of the Board to examine such returns with a view to seeing that the law has been observed. Fifty-four railway, express, telephone, telegraph and bridge companies filed such returns with the Traffic Division during the year 1937.

In the administration of the Traffic Division of the Board, during 1937, the total number of communications to railways, express, telephone, telegraph and international bridge companies in connection with complaints, proper interpretation of tariffs or classifications and filing of same, also with respect to free or reduced rate transportation, etc., was 2,198. Memoranda and reports to the Board numbered 1,059 and communications to others 395 - Total 3652.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

There were issued 75 traffic Orders and 4 general traffic Orders as a result of hearings and investigating applications and complaints before the Board; proper interpretation of classification ratings; approval of applications from railway companies with respect to the publication and filing of tariffs, etc. There were also issued 125 Orders approving traffic connecting agreements and contracts between telephone companies.

The work of the Engineering Department has been particularly heavy during the last year. The Engineering Department handles all matters pertaining to allocations of funds voted by Parliament for contribution by the Board and during the last year recommended commitments to a total amount of over a million dollars. In addition to works which were not completed under funds voted by Parliament in previous years to provide for protection, safety and convenience of the public in respect to highway crossings and for the relief of unemployment, a great number of works were undertaken early in the construction season under Special Supplementary Vote 357. The allotment as between the different Provinces of the special funds has been based for each Province on a population proportion, and the desire has been that the fund should be distributed for the protection of as many crossings as possible rather than to provide expensive grade separations in a few localities. It can well be understood, therefore, that these wide distributions of smaller protection projects has occasioned varied inspections and reports, and the need to travel to widely scattered locations. It is necessary that a fair division of costs should be made between interests concerned and this involves careful negotiations and much correspondence.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119046

EM/



Faster trains, liberalization of vehicular speed laws and constantly increased mileage of improved highways have combined to make more serious the problem of grade crossing protection. Investigations have been made in connection with new types of grade crossing protection devices outside of Canada and a number of inventions have been presented to the Engineering Department for examination. While many of these presented have little merit, encouragement is given to all proposed protective devices, which through development, may have possibilities of future usefulness.

Improved track conditions, new equipment, and high speed trains on the part of the Railways have necessitated improved safety features of protection with respect to crossings of different railway lines and has resulted in numerous changes and improvements to interlocking plants. Heavier equipment has also brought about the reconstruction of a great number of railway bridges. These matters have all been dealt with by the Engineering Department in addition to the routine work, such as farm crossing complaints, drainage complaints, investigation of railways out of repair, investigation of accidents, and inductive interference, and the handling of numerous and varied engineering matters brought to the attention of the Board.

During the year 1937 the Operating Department of the Board carried out investigations throughout all parts of the Dominion in connection with accidents to passengers, railway employees, highway crossing victims and others using the railway.

The number of accidents investigated totalled 2,138, involving 2,689 casualties, of which number 340 persons were

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119047

killed and 2,349 were injured. This is a reduction from the previous year of 718 cacualties, and in view of the railways' increase of 1,873,636 train miles, a larger number of men employed, and more passengers carried than for the previous year, the reduction in casualties indicates a marked improvement. Major train accidents on all railways in Canada dropped from 68 in 1936 to 49 in 1937, shewing a reduction of this class of accident of 27.94% from the previous year.

Accidents at highway crossings for the year totalled 286, with 114 killed and 411 injured. Of this number 52 accidents occurred at crossings where there were protective devices, divided as follows:

| Protection | Accidents | Killed | Injured |
|---|---|---|---|
| Gates | 6 | 1 | 12 |
| Lightning Flash Signal | 1 | 1 | 3 |
| Electric Bell | 13 | 8 | 21 |
| Bell and Wigwag | 27 | 11 | 38 |
| Watchman | 5 | 1 | 10 |
| Total (at protected crossings) | 52 | 22 | 84 |

In addition to the above there were 234 accidents at unprotected crossings, resulting in 92 killed and 327 injured, making a total of 286 accidents, with 114 persons killed and 411 injured. One hundred and sixty nine of these accidents occurred in daytime and 117 at night. Of this number, 101 accidents with 10 persons killed and 187 injured were caused by motor vehicles running into the sides of trains, and a further analysis shews that of these, 29 ran into the sides of trains in daylight and 72 at night. The number of accidents at night would indicate that auto drivers are out-driving their headlights, and are paying little or no attention

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119048

E1/



to the Provincial Statutes governing the speed or operation of autos when approaching and passing over highway crossings.

Every public highway crossing where an accident occurred during the year was personally inspected by an officer of the Department, and where the conditions warranted it, improvements, protection, or additional protection by means of automatic or manual devices were recommended and effected.

During the year the usual inspection of locomotive boilers, safety appliances on rolling stock, etc., were made, as well as numerous investigations regarding train and station services, approval of new, or additions to, stations, removal or appointment of station agents, and all other features pertaining to train operation.

During the year 1937 a new feature was injected into the activities of the Board in the exercise of its powers to require railway companies to file with the Board applications and plans for approval in connection with the installations of plants on, or adjacent to, railway property for the handling and storage of liquified petroleum gases, consisting of Methane, Ethane and Propane.

A comprehensive study and research has been made and considerable data assembled, with the view to preparing regulations for the handling and storage of Liquified Petroleum gases in the interest of safety to the public. Proposed regulations are now under review and it is anticipated will issue in due course.

There has been a marked increase in their use for domestic, commercial and industrial applications, and extent of which may be gained by a comparison of the production figures for the United States, which have increased from about

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D19049

EM/



one million gallons in 1917 to approximately one hundred million gallons in 1937.

The extensive development of the Gasoline and Oil Industry has greatly increased the number of installations for the handling and storage of Inflammable Liquids on or adjacent to railway property. There are approximately 4,091 installations located on or adjacent to railway property for the handling and storage of inflammable liquids, dependent upon railway service. These cover refineries, distilleries, manufacturing and processing plants, marine loading and unloading terminals served by a railway, storage tanks, loading and unloading racks, warehouses and pipe lines. The hazard involved as to handling and storage of inflammable liquids is that of exposure from burning liquid escaping from tanks, drums, barrels and pipe lines; flow of such liquids to other properties through rupture or, in the case of crude petroleum, boil over and the possibility of explosions from vapors which may be liberated. A number of such accidents occur annually and are investigated and reported upon. There are many accidents of this character mainly due to the continued and increased development of the gasoline and oil industry.

The record of Railway Fires for the year 1937 compares favourably with that of any during the past 25 years. In comparison with previous years, the number of fires reported caused by railways is the third lowest on record, with the second lowest acreage and third lowest monetary loss.

One hundred and eighty fires attributed to railways are reported to have originated on lines in districts classified as forested throughout the Dominion. These fires burned 1,012 acres of young forest growth, 236 acres of merchantable timber,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

009050

EM/



366 acres of slashing or old burned lands not restocking, and 718 acres of non-forested lands.

Under the co-operative arrangements inaugurated in 1912, with the various Dominion and Provincial Forest Services, 199 officers and men of such services were under appointment as ex-officio officers of the Board.

During the fire season of 1937 fire protective appliances were inspected on a total of 5,811 locomotives in connection with railway fire prevention.

The Railways maintained special fire patrols prescribed by the Board on 7,664 miles of railway lines passing through forested territory.

Five thousand four hundred and eighty miles of fire-guards were constructed or maintained on railway lines in the Prairie Provinces.

During the year 1937, 108 accidents causing fires, personal injuries or property loss were reported to the Board as having occurred in the transportation of dangerous articles by freight, one person being killed and three injured with a total property loss amounting to $111,601.00. Of the above accidents, 80 resulted from the transportation of inflammable liquids, chiefly gasoline, with one person killed and one injured, and caused 99.5 per cent of the total monetary loss; 20 accidents were due to acids and corrosive liquids, injuring two persons; inflammable solids and oxidizing materials were responsible for six accidents, and compressed gases two accidents.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119051

Ottawa,
March 12, 1928.

Dear Mr. Morris:

I have your letter of 10th.

What has been done is to establish a Senate Committee which would hear evidence on the subject of our Railway situation. Probably the evidence will be from the appropriate officers of each Railway. There will be no organization that I know of established by the Committee.

I would think that Ventures would be about the best place you could expect to excite interest with regard to any good base metal proposition.

Yours very truly,

Arthur Meighen.

Mr. R. M. Morris,
Quebec United Mines Ltd.,
1410 Stanley St.,
Montreal, Que.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

LAncaster 2982

119052

# QUEBEC UNITED MINES LTD.

No Personal Liability

MONTREAL

Head Office:
Room 1115
1410 Stanley St.
Montreal

Mine Office:
R.M.D. No. 3
North Hatley
Quebec

March 10, 1938.

Rt. Hon, Arthur Meighen, K. C.,
The Senate,
Ottawa.

Dear Senator Meighen:

My last contact with you was in the form of a congratulatory letter from you with respect to a 1933 forecast of mine on the business and market outlook at that time.

Last week I was in Toronto on mining business and had hoped to have the pleasure of seeing you. Now I note with great interest your announcement about Canada's railway situation - a problem which I recall harping on myself even back in college days about 1919 or 1920.

The point of my letter is that I wish to go on record as being vitally interested in doing something tangible about this railroad mess and should your plans develop along lines where my capacities would be of possible use to you I would like to hear further from you.

Of course politically I have no experience and have no inclination to seek a career in that direction but I do have publicity and research experience as well as fairly well developed economic understanding.

Meanwhile I am nursing this young but highly promising base metal mining enterprise through its early stages. We have a zinc-silver-copper property of distinct merit in the Eastern Townships. Anything you can do or suggest towards facilitating the financing of our company would be appreciated - I already have Aird, MacLeod and Ventures quite interested.

With kind personal regards,

Very truly yours,

R M Morris

Royden M. Morris

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

| CLASS OF SERVICE | SYMBOL |
|---|---|
| Full-Rate Message | |
| Day Letter | D L |
| Night Message | N M |
| Night Letter | N L |

If none of these three symbols appears after the check (number of words) this is a full-rate message. Otherwise its character is indicated by the symbol appearing after the check.

FORM 6122

# CANADIAN NATIONAL TELEGRAM

TELEGRAPH CANADIAN NATIONAL AND CABLE

9053

D. E. GALLOWAY, ASSISTANT VICE-PRESIDENT, TORONTO, ONT.

Exclusive Connection with WESTERN UNION TELEGRAPH CO. Cable Service to all the World Money Transferred by Telegraph

STANDARD TIME

#9

15GJ0 12 C

SYDNEY NS 212PM MARCH 14 1938

For Messenger
Call Canadian National Telegraphs
Phone - Local 2447

RT HON ARTHUR MEIGHEN

SENATE OTTAWA

WOULD APPRECIATE YOUR MAILING ME TWO COPIES YOUR ADDRESS ON RAILWAYS

REGARDS

H P DUCHEMIN.

134P

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J 19054

#9

320 Bay Street, Toronto,
March 14, 1938.

Mr. J. J. E. Mattinson,
576 Cote St. Antoine,
Westmount, P. Q.

Dear Sir:

I duly received your letter of 9th March which I have read with care. Am sorry to say that the speech I made last week has been mis-stated in certain of the important papers of the country and is being used just as I expected as a means of rousing class feeling against the obvious interests of the country.

I thank you for your good words and will continue to do the best in my power.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1 | 9065

Westmount Mar. 19th/35
576 Cote St Antoine

Senator Sir A Meighen
Senate Ottawa Ont

Dear Sir Arthur.

Congratulations on your Constructive effort If we continue the nine years Procrastination Policy We will surely have another Red Rebellion in the West?

Our taxation of one class of people caused French Revolution and beheading 100000 people? Canadians have shown an Overabundance of Patience? with the Procrastinating Egotistical Gladiators at Ottawa? forming Procrastinating commissions for which we elected 245 stones If commissions must rule Replace 245 stones by a judicious bench of 50 to appoint commissions

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Extravagant insanity like
this exceed the downfall
of the Roman Empire
You are a Statesman,
and why not give us a
talk over the Radio; a Series
of talks by other Senators
as well (It would be better
than most of it at present)
Canadian people should
be told the truth Is it
the fear of 20000 more un-
employed railroad men that
prevents Nullification People
have been fooled too often by
False Promises
There is no other Alternative
The West, C.P.R, and Government
have inflated everything in
the West for 35 years, and
now it is Deflation, and a
Finance all over with Our dollar
inflated to 50 cents. Why did
in Europe as Simone

9506

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

not tell Sir Edward Leader we can
not inflate further, without
U.S.A. and that we are
waiting Stabilization
There is a limit to
Patience, and Confiscation
in propagating Communism
Welfare (Abolition of Private
Property) St Lambert opposite
here how more than Private
Property
Citizens, and under selling
and under renting Thousands of plans
the same (practically all
the West) Government Policy
making Communism
All Canadian want
work and should get it in a
land like Canada 1000000
unemployed, and 1000000 half
employed for nine years,
while Politicians look their
Belly full & Lastly some condition
as before fall of Roman Empire.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Due to inflation of everything
there are only 5% of people
solvent in the West (We
can not Chloroform them
or kill them by a Procrastination
Policy). Deplored & Deplored
realize the insanity of
Ottawa, and there fail a
very few of Provinces Solvent.
Unemployment Insurance
will not operate for 10 years
There are things more
important first West must
settle for 25 cents or 10 cents
on the dollar Deflation, it.
is No more Procrastination.
Government must stand the
loss, and Economize until
the fat Belly Politicion feels
it, and Knows what is what &
Deflation
Alternative Plan
B.N.A Act gives Federal
Government Power to defend

9058

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

over coming giving more
Government advantage of
lower interest (Placing Safety
Use Railroads a
bonus or a Million for Deflation
conversion at low interest
and back to Private management
Eliminating waste (operating
Money By roads in winter
Postal roads) can be replaced
by better Service with
Aeroplane, Eliminate dirty
water accumulating for
years Eliminating by
Recapitalization before giving
it as bonus for low interest
Then Railroads will pay
10% To the holders of
every $ Bond of $100 Ea 2%
Stg to 1 Share $100 Ea of
Railroad stock which consists
of C.P.R bought in at $65 ea
Place of $285.00, and both Roads

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

together for the purpose
of Economy and profit
be recapitalized at
2000.000.000 oo Would give
not trade in present C.P.R
stock for $6 50 receiving 2%
Bond, and one share of
new railroad stock for
every five Bonds your
Railroad under new
capitalization, and Private
management would pay 10%
Realizing 4% on total
Present Debt 10% to 3% some 10%, 9%, 7%, 5% 3%
$8000.000.000 average 5% = $400000000
Convert or more
$10000000000, at 2% = 200000000
Saving $200000000
Plus Yearly Railroad loss 100 000 000
Yearly Economy SAVing $300.000.000
There has been $20.000.000.000
Frozen Assets in Real Estate
for nine years in State date to more
than its place of taxation
Conversion reduces this (Safety for future)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

7

England to open Real Estates
or Producing Power Canada
to open it out of existence
Producing confiscation
and Conscription, and
Unemployment or
Construction employs
more labor than any
industry effective every
industry and Railroads.
Construction
To Collect ty for 9 years
With $300,000,000 Annually
start proper Spacing Plan
not new Life Insurance
Companies (25 only) who are
in business to sell Life
Insurance, and have no
Branches in small towns
Loan through 2000 bank
Branches from A to Z
100.000.00 at 3% for 30 years
to give Patient sick for
10 years, time to recover, some
or U.S. Acts

1906 [illegible]

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

8.

Now you have $200.000.000
left to write
down With inflation
of $500,000,000.00 Write it
down so much a year
for five years Save Rebellion

It must be Deflation
or inflation, and at
present we can not
inflate further, with
our dollar at 50 cents

So then it is Deflation
and Deflate the Worth
$500,000,000.00 a 30 years
accumulation of inflation)
and let West Know it
for to stop further inflation
in your to come

Then prosperity will be
here, and no Rebellion
and no commercion or otter
Dam

Yours truely
J.E. Matheson

Mr. Sevigne
M.P.S.C. Ottawa Ontario

2962

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119063

30 Years Inflation
especially West

Now Deflation with our
Dollar inflated so it
is only worth 50 cents
Waiting for Stabilization.
Real peace Financial
World War, and Deflation
with no taxes, Deflation?

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1+9064

Bury Beecher more
Philosophy than the
House of Commons
In every Beehive there
are workers, and drones
and one Queen

All the drones are
good for is breeding and
they wait around to have
a chance at a new Queen
when she is born

Workers sooner than
keep them sting them
to death in the fall

All our 245 drones
in Ottawa do is appoint
commissions This is inflation
where to-day it is Deflation
or Economy Make 245 drones
work

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119065

OTTAWA, 14 March, 1938.

Dear Mr. Duchemin,

In Mr. Meighen's absence I beg to acknowledge your telegram of today and to enclose herewith two copies of his speech made in the Senate on the 9th. instant on the Railway problem.

Also enclosed is a copy of Mr. Meighen's speech of the 19th. June, 1936, on the removal of the Canadian National Trustees.

Yours faithfully,

A.H.Hinds
Private Secretary.

H.P.Duchemin, Esq.,

Sydney, Nova Scotia.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119066

Ottawa,
March 15, 1938.

#9

Mr. Ellison Young,
Editor,
Windsor Daily Star,
Windsor, Ont.

Dear Mr. Young:

I had a chance to read, on my arrival this morning, the very generous editorial in your issue of 11th March. I may say to you personally that I have been rather surprised at the attention given this speech, because I did not think a very great deal of it myself and did not bother revising or correcting it. However, on reading it now, it seems to contain about what I wanted to say.

I do not know whether you have read one I made two years ago when they broke in on the Canadian National-Canadian Pacific legislation and re-established the system which exists today. Copy is enclosed herewith.

I am also sending you an editorial from the Winnipeg Free Press, which is about what one would expect. It mis-states the contents of the speech and makes a direct appeal to the non-tax-paying masses "against" the interests"--just such an appeal as has prevailed all through the years. By "non-tax-paying masses" I mean those who no doubt pay some taxes but do not know they are paying them, and are always happy over anything that injures business.

Yours very truly,

AM/E.
Encl. -2.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119067

Ottawa,
March 15, 1938.

#9

Dear Mr. Hayrs:

I have your letter of 10th. Am afraid it will not be possible for me to get the time to read Mr. Lesslie Thomson's book, valuable as I know it will be—That is I will not be able to while the Senate Committee is doing its work. It might, however, be considered advisable to have Mr. Thomson appear before the Committee, and I am quite certain if he would care to come, that the Committee would be glad to hear him. I, however, shall not be Chairman.

The Committee would also be glad to hear from him by letter on any subject affecting the purpose of the Committee, on which he would care to express his views.

Kindest regards,

Very truly yours,

Arthur Meighen.

Mr. Hugh Hayrs,
The Macmillan Co. of Canada,
70 Bond Street,
Toronto, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119068

THE MACMILLAN COMPANY OF CANADA LIMITED
ST. MARTIN'S HOUSE – 70 BOND STREET
TORONTO 2
CABLE ADDRESS, MACMILCO, TORONTO

MR. EAYRS'S OFFICE

March 10th, 1938.

Dear Mr. Senator:

I notice in this morning's paper the likelihood of a committee of the Senate being appointed to survey the whole matter which all of us call the Canadian railway problem, and it occurred to me at once to write to you.

This Company will shortly publish here, and Macmillan & Co. Ltd., in London, and The Macmillan Company in New York, a book to be known as THE CANADIAN RAILWAY PROBLEM. Its author is Mr. Lesslie Thomson of Montreal whose work on the Economics of the St. Lawrence you may know. The book will be published in one very large volume at probably $10.00, and, as far as I can see it now, publication will be about early May. The book is an extremely large and long one, for it is a comprehensive survey of the whole situation from the very beginning of things that have made the problem what it is today, and therefore the publication date is not guaranteed.

It occurred to me to suggest, however, that you would like to see at this time a contents table, and I therefore enclose that with this letter. Moreover, if we can be of service to you in so doing we shall be glad to furnish you with galley proofs of all the material set to date which, I should say, would comprise about three-quarters of the book.

I may perhaps be allowed to make one other suggestion. Mr. Lesslie Thomson is, as you will know, a consultant engineer living in Montreal, and it may well be that before or during your perusal of his material you would wish to confer with him. I have no reason for thinking such conference would be impossible.

If you will let me know if my Company can be of help in the way I suggest I shall be glad to send the galley proofs on to you. In the meantime, with kind regards, I am

Yours very truly,

The Rt. Hon. Arthur Meighen, M.P.,
The Senate,
Ottawa, Canada.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119069

CONTENTS

# THE CANADIAN RAILWAY PROBLEM

Notes
on
Some Economic Aspects of Canadian Transportation,
and
A Suggested Solution for the Railway Problem


Chapter

Preface

I Introductory Outline of Problem and Summaries and Conclusions of Study

II Recommendations

III Historical Background of the Present Railway Problem

IV The Present Transportation Situation

V Considerations and Observations Affecting these Analyses of Canadian Railways

VI The Canadian National Railways

VII The Canadian Pacific Railway Company

VIII Comparisons of the Can. Nat. Rys. and the Can. Pac. Ry. Co.

IX The Immediate Railway Problem

X Former Solutions and Plans Proposed

XI Discussion of Some of the Former Solutions and Plans

XII Basic Factors Involved in any Adequate Solution of the Railway Problem

XIII The Recommended Plan for Rails.

XIV Acknowledgments and Bibliographies

Appendices

Bibliography

Index to Tables

Index to Figures

General Index


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.I 9070

#9

March 17, 1938.

Dear Dr. Kaiser:

I just received your note of 15th. Had already read your letter in the Globe and Mail and got some amusement out of it.

As requested, I am sending you a copy of my recent speech on the Railway problem, and also one on the same subject which I made in 1936.

Yours sincerely,

Dr. T. E. Kaiser,
45 King St. E.,
Oshawa, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119071

# BROTHERHOOD RAILWAY CARMEN OF AMERICA

AFFILIATED WITH
*American Federation of Labor, Railway Employees Department A. F. of L.*
*and the Trades and Labor Congress of Canada*

Northern Star LODGE, No. 371
38 Rout Ave St Vital
Man Canada 21ST - 3 - 1938

The Hon
A. Meighen
Canadian Senate
Ottawa. Dear Sir

Would you be good enough to forward me a copy of your speech on the Railway question in the Senate.

Any expense entailed will be forwarded to you.

Thanking you for this favour.

Sent back 24/38.
Ethel.

Yours Truly.
Fred Campbell

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119072

THE SENATE
CANADA

Office of the Hon. C.P. Beaubien,
84, Notre-Dame St. West.

Montreal, March 21, 1938.

Right Honourable Arthur Meighen, K.C., P.C.,
Leader of the Opposition,
The Senate,
Ottawa.

My dear Chief:-

I find that I shall have to remain here tomorrow night.

May I ask you kindly to see that the debate on railways is not closed. If nobody else desires to speak on the subject, will you be good enough to adjourn it in my name.

With kind personal regards,

CPB-AG

C. P. Beaubien

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119073

#9

Ottawa,
March 22, 1938.

Hon. C. P. Beaubien,
84 Notre-Dame St. West,
Montreal, Que.

Dear Senator:

The debate on your Motion was adjourned today on motion of Senator Sauve and will come up again tomorrow (Wednesday).

Yours truly,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L.1907.4

Ottawa,
March 25, 1938.

#9

Dear Mr. Fairbairn:

I have yours of 22nd and thank you for the interest you are taking. Had not seen the statement which you attribute to Mr. Bennett.

It is not at all impossible that before a great length of time there will be unification of the Railways, but under the Government. This, however, is a consummation to which I cannot look forward with enthusiasm. I have seen too much of the vagaries and terrible extravagance of Government operation.

Whatever Committee investigates the Railway situation this Session will confine itself to the Railway problem only.

Yours very truly.

Mr. Rhys D. Fairbairn,
National Club,
Toronto, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119075

March
22nd
1938.

Senator,
The Right Hon. Arthur Meighen,
The Senate,
Ottawa, Ontario.

Dear Mr. Meighen:

From Ottawa press reports, we are informed of the proposed investigation by the Senate into alleged political pressure now being used re appointments made by the management of the Canadian National Railway.

The general public is behind such an investigation.

This party machine pressure strikes at the heart of our Canadian life and all political parties.

From personal observation I find that organized labour of the railways are fully co-operating with the management so that the seniority rule of advancement of the staff of workers

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19076



is well observed and this is the best possible co-operation to get good results in the operation of the systems. Political interference is fatal.

You have expressed some doubt as to the advisability of the Dominion Government's absorbition of the Canadian Pacific Railway. In this I would humbly disagree with you. With motor competition we have reached the point where one railway company is enough for Canada. We must have railway and water hauls for long distance travel and freight.

Under a carefully prepared plan there need be very little disruption of workers-every man now employed should be retained but would in many cases have different work.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119077



Political pressure would be fatal to any plan of merger.

The Right Hon. R. B. Bennett has astonished the country by his admission of the fact that the Bank of Canada when organized during his term of office was not made a Dominion public ownership plan as at first arranged, because of this same political pressure by party machines.

He was in an excellent position to see the evils of party machine domination of Government and I am sorry to say he did not meet it and beat it.

Would it be possible to include the Post Office Department in your investigation? One case of political pressure came to my knowledge - a small contract which for years was advertised, in 1937 there were no tenders called for and the award was

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119078



given to a Liberal, displacing a Conservative.

I wrote the Post Office Department and received a most unsatisfactory reply. I would be glad to submit details of this case.

Would it not be as well to have the Railway Board of the Senate investigate this matter of the Canadian National rather than a special committee? This would ensure full publicity and thereby create public confidence.

Sincerely yours,

Rhys D'Fairbairn

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119079

Ottawa,
March 29, 1938.

#9

Dear Mr. Smith:

I have yours of 24th and very much appreciate the reasonable and impressive way in which you put your argument.

I am by no means as hopeful as you are about the future of the Canadian National Railways. The capitalization has got to such an astronomical figure, mainly through sheer waste and too much politics, that under present competitive conditions with other methods of transport, it is bound to be a tremendous burden.

Yours very truly,

Arthur Meighen.

Mr. J. R. Smith,
387 Roehampton Ave.,
Toronto 12, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J 119080

387 Roehampton Ave.
Toronto, 12.
March 24th.1938.

Right Hon.Arthur Meighen
Ottawa,

Sir:

There is very little I can add to what has already been said, pro and con, on the Railway question, but as a consistent and loyal supporter of yours, I feel that you will bear with me while I review certain features which I fear may be overlooked.

Before doing so may I advise that I am a C.N.R. employee, willing nevertheless to submit to any measure which I believe to be genuinely and permanently of benefit to the Dominion, and warranted by conditions.

Distracted by the magnitude of present problems, are our legislators overlooking the major cause while giving undue consideration to its effect, If the effort expended on the Railway controversy over the past fifteen years had been spent on a bold and practical immigration scheme, not only would the Railway problem have righted itself, but the problem of a top-heavy government machine might also have been considerably relieved.

The urgency of a larger population to solve these and other problems of this vast Dominion is obvious.

One of your confreres contends that the labor problem of unification of the Railroads would take care of itself by a natural diminution of 5% annually. He does not visualise the utterly hopeless position of so many of the youth of our country when the doors of the largest employers of labor remain closed to them for years and years ahead. Of the two alternatives I, personally, would sooner hold out some hope to youth, should unification materialize, by ruthlessly cutting the staffs to the minimum once and for all, in order to hasten the time when diminution will require replacement by the rising generation.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J 119080

387 Roehampton Ave.
Toronto, 12.
March 24th.1938.

Right Hon.Arthur Meighen
Ottawa,

Sir:

There is very little I can add to what has already been said, pro and con, on the Railway question, but as a consistent and loyal supporter of yours, I feel that you will bear with me while I review certain features which I fear may be overlooked.

Before doing so may I advise that I am a C.N.R. employee, willing nevertheless to submit to any measure which I believe to be genuinely and permanently of benefit to the Dominion, and warranted by conditions.

Distracted by the magnitude of present problems, are our legislators overlooking the major cause while giving undue consideration to its effect. If the effort expended on the Railway controversy over the past fifteen years had been spent on a bold and practical immigration scheme, not only would the Railway problem have righted itself, but the problem of a top-heavy government machine might also have been considerably relieved.

The urgency of a larger population to solve these and other problems of this vast Dominion is obvious.

One of your confreres contends that the labor problem of unification of the Railroads would take care of itself by a natural diminution of 5% annually. He does not visualise the utterly hopeless position of so many of the youth of our country when the doors of the largest employers of labor remain closed to them for years and years ahead. Of the two alternatives I, personally, would sooner hold out some hope to youth, should unification materialize, by ruthlessly cutting the staffs to the minimum once and for all, in order to hasten the time when dimimution will require replacement by the rising generation.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[ 19081 ]

Right Hon.Arthur Meighen:

I am opposed to unification of the Railways, in any form, for the reasons stated and because I am of the opinion that in five years, which time proponents agree it would take to effect it, the National Railway should normally cease to require assistance from the public purse.

I am opposed to it for the reason that I believe the transportation problem is of less importance than, and is a direct result of, the alarming lack of population.

There are several other features favourable and unfavourable of which, I know, you are fully informed.

I hope shortly, with your indulgence, to place before you a definite outline of an immigration plan which I think will be free of some of the objections at present held against it.

Yours very truly,

J.R. Smith

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119082

#9

Biggar, Sask., Apr. 4, 1938.

Senator Meighen,

Senate,

Parliament Bldg.,

Ottawa, Ont.

Dear Sir:

At a mass meeting of the citizens of the Town of Biggar and adjoining district, held Sunday Evening, April 3rd, 1938 the enclosed resolution was presented, and by a unanimous vote of those attending the meeting was adopted, and the Secretary was instructed to send a copy of this resolution to those named.

Respectfully yours,

E. L. Rose

E.L. Rose.

Secretary of the Meeting.

Enc. 1.

ELR/GM

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

We, the undersigned, wish to endorse the attached resolution:

| | |
|---|---|
| W J Wright | Mayor of Town of Biggar |
| H. McLaren | President of Biggar Board of Trade |
| H. Rodwell | Reeve of Municipality of Biggar |
| [illegible] | Brotherhood of Locomotive Engineers |
| H C Stewart | Order of Railway Conductors |
| E. L. Rose | Brotherhood of Railroad Trainmen |
| [illegible] | Brotherhood of Locomotive Firemen and Enginemen |
| G. P. MacKay. | Brotherhood of Maintenance of Way Employees |
| L D Campbell | Brotherhood of Railway Carmen of America |
| R Ruhlin | International Association of Machinist |
| [illegible] | Order of Railway Telegraphers |
| [illegible] Maddin | Canadian Brotherhood of Railway Employees |
| C Elliott | Principal of School |
| R. H. McCraig | Young People |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119084

WHEREAS we are fully aware that for a number of years there has been running an insidious and vicious propaganda to discredit the good name of the National Railways and their benefit and usefulness to the people of Canada

AND WHEREAS those responsible for the underhand propaganda having apparently done what can be done under cover are now coming out publicly and into the open in an attempt to educate the general public to their way of thinking in order that when the opportune moment arrives they may have public support in their endeavours

AND WHEREAS we are fully aware that this has been, and is being done, not in the best interests of the people of Canada as a whole but only in the interests of a favoured financial minority, who are largely citizens of other countries

AND WHEREAS we are decidedly against a monopoly of any kind and more particularly against one that would affect and cover one of the most vital things in the life of our country, its rail transportation system

AND WHEREAS the reasons we are opposed to this monopoly not only cover the question of the welfare of thousands of railway workers in particular but the welfare of all the citizens of Canada as a whole

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Be it therefore resolved that this meeting of railway men and representative citizens of the Town of Biggar and surrounding districts hereby go on record as being absolutely opposed to any move by any party or parties which would tend to destroy the identity of the National Railways by pooling, amalgamation or unification with any private concern to constitute a monopoly of rail transportation in Canada and be it further resolved that a copy of this resolution be forwarded to:

Right Honourable W.L.MacKenzie King, Prime Minister
Right Honourable R.B.Bennett, Leader of Opposition in Federal House
Honourable C.D.Howe, Minister of Transport
Honourable Norman Rogers, Minister of Labor
Senator Dandurand
Senator Meighen
Senator Asseltine
Senator Murdock
Mr.M.J.Coldwell, M.P. for Rosetown-Biggar
W.M.Patterson, Premier of Saskatchewan
Geo.Williams,Leader of Opposition in Saskatchewan Legislature
R.P.Hassard, M.L.A. for Biggar
J. Woodsworth, Leader of C.C.F. Group, House of Parliament.
J. Blackmore, Leader of Social Credit Group, House of Parliament.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

#9

For Mr. Meighen

P.A.C. M. 19086

To show the waste of duplicate rly service suggest a map for the Senate Committee - showing:-

1- A tracing of the transcontinental main lines - C.P.R. and C.N.R.

2 And at a given hour, say Noon on a given day the thro passenger trains between Halifax and Vancouver, their exact location at and between Stations.

3 (a) Type of Motive power (b) number of cars, types of cars, number of passengers and employes, on each train.

4 Such numbers to be printed on the map at the point where the above trains are shown

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119087

5 Also the capacity of the passenger carriages so shown, to be included in the figures given, as described on the map.

6 Supplementary figures to be shown giving cost in aggregate of the trains shown per mile, inclusive of material used and wages, also terminal costs such as inspection, supplies renewals, Etc.

7 Likewise figures of actual revenue to compare with potential revenue if cars were filled to an approximate capacity.

Notes - possibly an operating executive of a railway might suggest more items

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119088

of an informative and comparative nature.

There should be no difficulty in arranging this plan as outlines, and then transferring it to a map, the eastbound and westbound trains being designated in different colors.

The whole should give a typical cross-section of cost (and waste) due to a lack of cooperation or unification. Such a map would hit the eye of the committee in pronounced fashion.

April 4, 1938.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119089

Ottawa,
April 5, 1938.

#9

A. A. Murphy, Esq.,
Charles Gurd & Co. Ltd.,
1016 Bleury St.,
Montreal, Que.

Dear Mr. Murphy:

I appreciate very much your letter of April 2nd. The Committee of the Senate will do its best, but the subject is such a big one and the facts affecting it so enormous in extent and significance that I begin to fear the Committee will be crowded for time to make an effective job.

Yours very truly,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119090

A product of Canada

GURD'S BEVERAGES HAVE BEEN STANDARD FOR OVER 67 YEARS

Charles Gurd & Co. Limited

MANUFACTURERS, WHOLESALERS AND EXPORTERS OF HIGH-CLASS BEVERAGES

MONTREAL

OFFICE: 1016 BLEURY STREET, TEL: LANCASTER 6221

April 2nd, 1938.

Right Honourable Arthur Meighen,
The Senate,
Ottawa, Ontario.

Dear Mr. Meighen:

I read your recent contribution to the Senate discussion of the railway situation with great delight and with great encouragement.

I felt that when Senator Beaubien introduced the subject he was on the way to create a new and solid chapter of history. I felt doubly sure of this when your support followed.

I feel confident that the Senate Committee will evolve an education and stimulation of public opinion which will lead to an enforcement of action on the part of the House of Commons.

I look upon a solution of the railway situation as the key to our economic salvation, which must begin with tax relief.

With warmest personal regards,
Sincerely and cordially yours,

A. A. Murphy.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119091

#9

O t t a w a,
April 5, 1938.

Dear Mr. Sparks:

I thank you very much for your letter and its enclosures. These I have read very carefully indeed, and one cannot help but be impressed by the significance of the whole situation which you present.

One of the handicaps of Democracy is its incapacity, in Canada anyway, to deal in any spirit of fairness where one side is thoroughly organized and the other is not. I really despair of being able to get anywhere.

Yours sincerely,

Mr. R. P. Sparks,
140 Wellington St.,
Ottawa, Ont.

Apr 4/38
Mr Mc has Mrs Sparks letter and return desk.

May 4/38
Sparks correspondence handed to O.K. Burpee.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119092

R. P. SPARKS
TARIFF COUNSEL - DEPARTMENTAL AGENT
VICTORIA BUILDING
140 WELLINGTON STREET
OTTAWA

#9

April 4, 1938.

Rt. Hon. Arthur Meighen, K.C., P.C., B.A.,

The Senate of Canada,

Ottawa, Ont.

Dear Mr. Meighen,

In view of the proposed investigation into the railway situation by a Senate committee, I thought you might be interested in some studies on railway wages which I made a couple of years ago, which are embodied in enclosed memorandum. I am also enclosing a memorandum on the relationship of railway wages to farm income.

The results of the first of these studies may be summarized by stating that the excessive hourly rates of wages paid to railway workers resulted in a wage bill which was approximately sixty-five million dollars greater than it would have been had railway workers been paid at an hourly rate comparative to the wages paid similar classes of workers in private employment. A reasonable wage scale would in itself solve the railway problem.

The other study indicates that the average net income of farmers is substantially less than $1.00 per day, whereas the crew of a freight train which carries the farmers' products to market is paid an average rate of $1.00 per hour. I think in some way these facts should be put before the committee. These memoranda were prepared for a private client, and have never been made public.

The year 1931 was used because it was the year the last Census was taken, and had more facts in regard to wages than is available for any other year. However, the general situation has not substantially changed.

If you are interested in the matter, I would be glad of an opportunity of discussing the steps which might be taken to get these facts before the committee.

Yours respectfully,

R. P. Sparks

R.
Enc. 2.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

RAILWAY WAGES

D 19093

The serious financial position of the Government of Canada as revealed by a heavy dificit in the budget of the Minister of Finance makes it imperative that the citizens and taxpayers of Canada should give the closest scrutiny to the reasons for this condition.

The large losses resulting from the operation of the Canadian National Railway is one of the major causes of a succession of unbalanced budgets. Public discussion of the railway question has largely been resolved around the suggestions for unification of the two main railway systems. Apart altogether from the question of unification or cooperation between the railways, there is a definite reason why our railways are unprofitable and that is the excessively high wage scales paid to railway workers. The fact that the deficits of the Canadian National Railways, caused largely by excessive wage rates, are met by taxation to which all other workers in Canada contribute, makes railway wages a proper subject for discussion.

Railway wages have always been high as compared with wages of other classes of workers. In a general way, railway wages in Canada have been governed by conditions in the United States. The famous "McAdoo Award", and the passing of the Adamson Act, resulted in very high wage rates in both the United States and Canada during and immediately after the war. There was some justification for this, as commodity prices had also reached exceptionally high levels. The hourly earnings of railway employees reached their peak in 1921. Commodity prices reached their highest point in 1920. Since that time there has been only a slight decline in railway wages, whereas commodity prices have greatly declined as shown on Table No. 1. This disparity cannot continue, as a sound national economic structure can only be maintained by a reasonable parity between wages and prices.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119094

Table No. 1

| | Index Number of Commodity Prices in Canada | Index Number of Hourly Earnings of Railway Employees, in Canada |
|---|---|---|
| 1913 | 100 | 100 |
| 1920 | 245.5 | 259.9 |
| 1921 | 171.8 | 263.6 |
| 1922 | 152.0 | 239.7 |
| 1923 | 153.0 | 236.8 |
| 1924 | 155.2 | 238.4 |
| 1925 | 160.3 | 238.8 |
| 1926 | 156.2 | 238.8 |
| 1927 | 152.6 | 247.0 |
| 1928 | 150.6 | 248.3 |
| 1929 | 149.3 | 251.8 |
| 1930 | 136.3 | 247.8 |
| 1931 | 112.6 | 260.9 |
| 1932 | 104.2 | 244.2 |
| 1933 | 104.8 | 235.8 |
| 1934 | 111.8 | 230.1 |
| 1935 | 112.6 | 241.4 |

It will be noted that in 1935 commodity prices were only 12.6% higher than they were in 1913, whereas the hourly earnings of railway employees were more than 141% above the 1913 level. If we consider the decline from the 1920/21 peak, it will be noted that the index number of commodity prices have declined from 245.5 to 112.6, or 130.9 points, whereas the decline in railway earnings has only been from 263.6 to 241.4, or a decline of 22.2 points. Practically all other classes of workers have experienced much greater reductions in earnings. This applies particularly to farmers, whose condition in many parts of the country is desperate.

It is true, of course, that railway workers and other industrial workers have suffered through unemployment and short time, but any intelligent study of the true relationship between wages and the prices of primary products such as the farmer produces must be based upon hourly earnings. Short time and unemployment among railway workers and in some other industries is directly due to the fact that labour unions have been able to maintain high hourly rates. It is not total earnings, but hourly rates, which determine the cost of production in any industry, including the transportation industry. Hourly rates of railway and other industrial workers must bear

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119095

some reasonable relationship to the prices of the products of agriculture and other primary products.

In Canada railway wages have been fixed by arbitration under the Industrial Disputes Act. The purpose of this Act was to protect the public against the consequences of strikes or lockouts. It has achieved this purpose. It was never intended that it should be used by highly organized and monopolistic groups of wage earners and employers to fix rates of wages which were inequitable and unjust in the burden they imposed on the users of railway transportation by unnecessarily high freight rates. The fallacy upon which this method of collective bargaining is based is that the interests of the wage earner and the company which pays him his wages are the only interests concerned, and that these interests are equal. It is submitted that if wages are to be determined by arbitration, such arbitration should be carried on between the wage earner and the final consumer, which includes the whole community.

If any group is entitled to arbitrated wage scales, the same applies to any other group, whether they work for wages or not. The result of the present method of fixing the wages of railway workers has created a condition in which the wages of these workers are completely out of line with the wages of practically all other workers in Canada. This is clearly revealed in the tables attached hereto as an appendix.

The effects of these high rates of wages have been disastrous to railway workers themselves. High wages compelled the railways to increase the use of mechanical power and other labour saving devices. Larger locomotives and bigger freight cars have greatly increased the ton miles of freight to each worker. Railway employment reached the peak in 1920 and declined after that fairly steadily until the beginning of the boom which reached a climax in 1929. The decline in employment since 1929 is, of course, in part due to the general decline in business. It should be noted,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119096

however, that even during the height of the recent boom milway employment never got as high as the peak of 1920. The serious loss of employment of milway workers due to improved mechanical equipment is illustrated by the following table which shows the total revenue ton miles of freight carried and the total number of employees in these years.

Table No. 2

| Year | Number of Milway Employees | Revenue Ton Miles (000,000 omitted) |
|---|---|---|
| 1915 | 139,061 | 17,661 |
| 1916 | 156,000 | 22,196 |
| 1917 | 168,175 | 31,184 |
| 1918 | 165,488 | 31,029 |
| 1919 | 163,892 | 26,980 |
| 1920 | 185,177 | 31,894 |
| 1921 | 137,487 | 20,621 |
| 1922 | 130,688 | 30,587 |
| 1923 | 174,160 | 34,087 |
| 1924 | 165,888 | 30,513 |
| 1925 | 161,585 | 31,985 |
| 1926 | 169,085 | 34,155 |
| 1927 | 171,889 | 34,901 |
| 1928 | 179,581 | 41,610 |
| 1929 | 176,168 | 35,085 |
| 1930 | 168,134 | 29,604 |
| 1931 | 144,365 | 23,707 |
| 1932 | 126,786 | 23,157 |
| 1933 | 111,769 | 21,090 |
| 1934 | 122,405 | |

The high rates of milway wages and in consequence the high freight and passenger rates have tended to drive business to other competitive forms of transportation. While there is no doubt that the use of buses and trucks as agencies in transportation would have come in any event, the exorbitant hourly rates paid to milway workers has facilitated and encouraged the development of this new form of transportation. In a country such as Canada it is absolutely essential that there should be efficient land transportation at the lowest possible cost. Products of the farm, forest, fisheries, and mines, which are the basis of our national wealth, must reach their ultimate markets at the lowest possible cost. This cannot be accomplished under the present wage scales paid by the railways of Canada.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119087

Railway wages at the present time are approximately 10% less than they were in 1931. However, wages of other classes of workers have declined as much or more. Furthermore, the railway unions have demanded that the 1931 wage rates be restored, and have threatened to strike if their demands are not granted.

The accompanying appendix shows the hourly rates of wages paid to railway workers as compared with hourly rates paid to workers in the same or similar occupations. The year 1931 has been used as a basis, as this was the year in which the Census was taken, which permits the use of wage information collected at that time.

These tables show that railway employees engaged in the transportation end of the railway business are paid more than double the hourly wage rates paid to workers similarly engaged in other industries. If railway wages for this group, which in 1931 amounted to nearly eighty million dollars, were put on the same basis as wages of other workers, a savings of approximately forty million dollars per year could be made.

These tables also show that the employees engaged in maintenance of equipment are being paid hourly rates of wages approximately 50% in excess of skilled mechanics in other branches of employment. As this group received nearly $52,000,000 in wages, reductions to bring their wages in line with similar skilled mechanics in other occupations would mean a savings of more than $15,000,000. It is probable that another $10,000,000 could be saved by bringing wages or salaries of employees engaged in the "Miscellaneous" group (which includes executives), and in maintenance of way, into line with other employees in similar occupations, making a total savings of perhaps $65,000,000.

In 1931, which is the year under review, the total revenue from freight was $260,000,000. Apparently, therefore, without injustice to any employees, a proper wage structure would permit a reduction of 25% in the total charges for the carrying of freight on all the railroads of Canada. It is not suggested that savings effected by wage reductions should be utilized for a flat percentage reduction in all freight rates. More effective use could doubtless be made of the reduced operating costs in lowering freight rates on commodities the movement of which at low rates is essential

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119098

to our general economic well-being. Insofar as the Canadian National Railways are concerned, some of such savings might be utilized to reduce the deficits which must be met out of the public revenue, but it is suggested that a substantial reduction in freight rates on certain basic commodities would be an important step towards ending the present depression. Lower freight rates would increase the employment of railway workers, and would tend to stimulate general business from one end of Canada to the other.

The enormous losses of the Canadian National Railways and the vital importance of cheap and efficient land transportation to the economy of this continent make it imperative that the conspiracy of silence regarding railway operating expenses be broken. Without proper consideration of this factor there can be no solution to the problem. The foundation of all successful commercial enterprise is to be found in the policy of operating a business for the benefit of its customers. We should turn the management of the railways back to the railway managers to be operated for the benefit of the public at large. It is more than probable that they and they alone can give us a land transportation structure which will serve the interest of the whole of the people of this country rather than the interest of a comparatively small group of railway employees.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L 2089

## APPENDIX

There are three sources from which figures used in these tables have been obtained.

(1) A report on "Wages and Hours of Labour in Canada", which is issued annually by the Department of Labour.

(2) A report on "Statistics of the Steam Railways of Canada", issued annually by the Dominion Bureau of Statistics.

(3) A preliminary bulletin covering "Wages among Wage Earners for Canada and the Provinces, 1931", issued by the Dominion Bureau of Statistics, giving information in regard to wages collected at the time the Census for 1931 was taken.

In order that the Census figures might be utilized for this study, rates for 1931 have been used as a basis for comparison in Tables 3, 4, and 5. Since 1931 there has been a reduction in wages of railway workers of approximately 10%, but a study of the hourly rates paid in other classes of employment indicates that there has been even a greater reduction. Another reason for using the 1931 figures is that the railway workers' unions have demanded that the 1931 rates be restored. It seems unlikely that there will be in the near future a similar increase in hourly rates paid to other workers, so that in the event of the railway unions being successful in their demands, the disparity between hourly rates paid to workers in the railways and other workers will be even greater.

As these three sets of figures were taken by different agencies, they are not strictly comparable in all respects.

The wage information published by the Department of Labour is compiled from reports of representative employers and of trade unions, secured annually, and also from union agreements. These reports are supplemented by figures obtained by officers of the Department and by resident correspondents of the LABOUR GAZETTE in the principal industrial centres. It is generally agreed that these hourly rates of wages are above the average actual wages paid throughout Canada. That this is so is confirmed by the Census figures.

The hourly earnings sheet for railway workers, taken from the report on "Statistics of the Steam Railways of Canada", are absolutely correct. They are obtained by

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

dividing the number of hours worked into the total amount of money received [illegible] are much more accurate figures than can be obtained by using the basic rates shown by the Department of Labour, as in the case of the running trades, these are on a mileage basis.

In regard to the rates of wages as given in the report of the 1931 Census, These are not shown in the report as hourly wages. This report shows the total earnings, total weeks, average earnings, and average weeks. Hourly rates are obtained by taking the average hours per week as shown by the Report of the Department of Labour for each particular trade, and dividing that into the average weekly earnings as shown in the Census report.

Railway employees are divided into four general classifications. The first and largest group, covered by Table No. 3, deals with "Transportation". This group in 1931 was paid $79,162,906.83 in total salaries and wages, the largest amounts being paid to the running trades, including engineers, firemen, conductors, and brakemen.

The second group, covered by Table No. 4, deals with "Maintenance of Equipment", and includes a number of different types of skilled mechanics. This group received $31,072,965.15 in total salaries and wages.

The third group, covered by Table No. 5, deals with "Maintenance of Way and Structures". This group received $40,998,321.36 in total salaries and wages, about 80% of which was paid to section foremen, sectionmen, and labourers.

The fourth group covers "General and Miscellaneous", which includes executives and office workers. This group received $39,965,727.12 in total salaries and wages. No figures are available which would permit a comparison of wages or salaries paid to this group with wages or salaries of employees in other similar classes of employment.

This tabulation deals only with hourly rates of wages, and not with earnings. The cost of transportation is governed by the hourly rates paid. No consideration is here given to the question of short-time, which has been common to all industries during recent years.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TABLE NO. 3

COMPARATIVE TABLE OF HOURLY RATES IN CANADA 0.19101

Of Persons employed in Transportation
and Other Comparable Occupations

Steam Railways - Transportation

| | Engineers Per Hour | Firemen Per Hour | Conductors Per Hour | Brakemen Per Hour |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Road Passenger | 1.21 | 1.10 | 1.16 | .85 |
| Road Freight | 1.16 | .87 | 1.01 | .78 |
| Yard | .87 | .68 | .84 | .77 |
| Average | 1.10 | .91 | 1.00 | .80 |

Source: "Steam Railways of Canada", Bureau of Statistics.

- - - - - - - - - - - - - -

Employed in Other Industries

| | Stationary Engineers Per Hour | Firemen Per Hour | Other Comparable Occupations Per Hour |
|---|---|---|---|
| | $ | $ | $ |
| Other Industries, including: Pulp and Paper Products, Furniture, Machinery, Agricultural Implements, Stoves, Textiles, Flour, Biscuits, Meat, Breweries, Distilleries, Telephone, Gasoline, Average | - .58 | .45 | |
| Electric Street Railway Conductors and Motormen, Average in 32 Cities | - | | .59½ |
| Motor Truck Drivers, Average in 35 Cities | - | | .47 |
| Teamsters, Average in 35 Cities | - | | .44 |

1936
-18-63
ex Mount
(5-1)

Source: "Wages and Hours of Labour in Canada", Department of Labour.

- - - - - - - - - - - - - -

| | Census, 1931 Per Hour |
|---|---|
| | $ |
| Conductors and Motormen - street car | .49 |
| Stationary engineers | .51 |
| Chauffeurs, bus drivers | .44 |
| Truck Drivers | .37 |
| Teamsters, draymen, carriage drivers, | .35 |

1936
51-68

WLBF
1930
M750-1

Source: "7th Census of Canada, 1931", Bureau of Statistics.

- - - - - - - - - - - - - -

Table No. 1 shows hourly rates paid to railway employees engaged in the running trades. There is also shown the hourly rates paid to engineers and firemen employed in other industries, and also the hourly rates paid to employees in other types of transportation as reported by the Department of Labour, and also by the 1931 Census. It will be noted that the average hourly rates paid to the running trades are more than double the rates paid to the other classes of workers whose hourly rates are shown.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119102

## TABLE NO. 4

## COMPARATIVE TABLE OF HOURLY WAGE RATES IN CANADA

### Of Persons employed in Certain Skilled Trades by Railways, and the same trades in Other Industries

| | Steam Railways Per Hour | Dept. of Labour Per Hour | Census, 1931 Per Hour |
|---|---|---|---|
| | $ | $ | $ |
| Blacksmiths | .79 | .59 | |
| Blacksmiths, hammermen, forgemen | | .59 | .52 |
| Boilermakers | .81 | .66 | |
| Boilermakers, platers, riveters | | | .55 |
| Electrical Workers | .76 | | |
| Electricians | | .67 | |
| Linemen, Wiremen | | .70 | |
| Electricians and wiremen | | | .59 |
| Machinists | .80 | .62 | .58 |
| Machinists | .83 | .61 | |
| Carpenters | | .54 | |
| Machinists, carpenters, coopers | | | .55 |
| Pipefitters and sheet metal workers | .81 | | |
| Plumbers, pipe fitters | | .66 | |
| Sheet Metal Workers | | .64 | |
| Plumbers, steam fitters, gas fitters | | | .56 |
| Sheet Metal Workers and tinsmiths | | | .55 |
| Average | .80 | .65½ | .56 |

Others employed by Steam Railways for Maintenance of Equipment, for which comparable wage rates in other industries are not available -

| | Per Hour |
|---|---|
| | $ |
| Carmen (r) | .76 |
| Carmen (2) | .77 |
| Carmen (c) | .80 |
| Carmen (d) | .89 |
| Helpers to Mechanics | .58 |
| Helpers apprentices | .65 |
| Regular apprentices | .50 |

Source: Steam Railways - "Steam Railways in Canada", Bureau of Statistics
Dept. of Labour - "Wages and Hours of Labour in Canada".
Census - "7th Census of Canada, 1931", Bureau of Statistics.

- - - - - - - - - - - -

Table No. 4 shows comparative hourly rates of classes of workers employed in the maintenance of equipment. Where comparative rates in other industries are available, they are shown. Railway Statistics show each trade separately, whereas both the Labour Department and the Census in some cases group workers of the same general classes. In Table No. 4 is also shown certain classes of workers engaged in maintenance of equipment for which exactly comparable figures are not available. It will be noted that the average hourly rate of 80¢ per hour paid to certain classes of mechanics employed by the railways is nearly 50% above the hourly rate of 56¢ paid to the same classes of mechanics employed outside of the railways.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L 19103

TABLE No. 5

COMPARATIVE TABLE OF HOURLY WAGE RATES IN CANADA

of Persons employed in Maintenance of Way by the Railways, and Labourers in Other Industries

Steam Railways - Maintenance of Way

| | Per Hour $ |
|---|---|
| Section Foremen | .66 |
| Sectionmen | .60 |
| Labourers | .48 |
| Average | .51 |

Source: "Steam Railways of Canada", Bureau of Statistics.

- - - - - - - - -

Employed in Other Industries

| | Per Hour $ |
|---|---|
| Labourers, Average hourly rate in 34 Cities | .41 |
| Common Labour in Factories - | |
| Nova Scotia | .38 |
| New Brunswick | .38 |
| Quebec | .41 |
| Ontario | .43 |
| Manitoba | .41 |
| Saskatchewan | .41 |
| Alberta | .43 |
| British Columbia | .48 |
| All Provinces | .36 |

Source: Wages and Hours of Labour in Canada", Department of Labour.

- - - - - - - - -

| | Census, 1951 Average Weekly Earnings $ | Per Hour $ |
|---|---|---|
| Labourers and unskilled workers, (not agricultural, mining or logging) | 14.71 | .31 (40 hr.week) |

Source: "7th Census of Canada, 1951", Bureau of Statistics.

- - - - - - - - -

Table No. 5 deals with the three principal groups of employes engaged in maintenance of way. Eighty-five per cent of the number of employees are covered by the three classes shown. Approximately 80% of all maintenance of way employees are sectionmen. It will be noted that the average wages paid by the railways for workers on maintenance of way is 51¢ per hour, nearly one third higher than the average hourly rate of 31¢ paid to labourers and unskilled workers in other classes of outdoor employment, and nearly 10% higher than the average for factory labour, 36¢ per hour. The average wages paid to labourers in 34 cities, 41¢ per hour, is exactly the same as the average paid by the railways. It is well known that civic labourers are more highly paid than labourers in any other class of employment.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

## RAILWAY WAGES and FARM INCOME

In a former memorandum a comparison was made between the hourly earnings of railway workers and workers in comparable occupations. This showed that the earnings of railway workers engaged in the running trades were about double the earnings of workers engaged in other types of transportation. It also showed that in the case of skilled mechanics employed by railways in maintenance of equipment, the hourly earnings of the employees of railways were about 50% in excess of hourly earnings of the same class of workers employed in private industry. Based onofficial comparative figures, it was shown that if the wages of railway workers were brought in line with workers in other comparable occupations, there would be a saving in operating costs of all Canadian railways of about sixty-five million dollars per year.

The chief purpose of this memorandum is to make a comparison between the earnings of railway employees and those engaged in agriculture. The chief source of statistical information in regard to agriculture is found in the Census of 1931. These figures are used because there is a great deal more information in regard to farm operations made available in the decennial census than in any other year. While the Dominion Bureau of Statistics gathers certain information in regard to farm operations each year, much of such information is based upon estimates. The 1931 figures, however,are accurat

As farm income depends upon the sale of farm products, and as conditions both in regard to the nature of the products and to the prices at which they are sold vary greatly, it is impossible to determine accurately the farmer's actual income either by way of cash or its equivalent. The best that can be done is to work out averages based upon the annual value of agricultural production.

The gross value of commodities produced on Canadian farms in 1931 is calculated by the Dominion Bureau of Statistics at $839,881,000. In that year there were 728,623 occupied farms. These figures indicate that the average total gross value of production per farm was approximately $1,150. This includes products consumed on the farm as well as products sold.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The following table shows the number of workers on the 728,623 farms, and the cost of hired labour:

CANADA - FARM WORKERS - 1931

| | | |
|---|---|---|
| Members of the family, male | - | No. 1,003,763 |
| " " " " female | - | 89,620 |
| Permanent hired help, male | - | 64,130 |
| Temporary hired help, male | - | 464,153 |
| Weeks of hired labour | - | 7,368,671 |
| Costs of labour (including cash and board) | - | $ 100,425,980 |
| Average costs of labour per week | - | $ 13.63 |
| Farms reporting hired help | - | No. 281,044 |

As shown above, cost of hired labour including cash and board amounted to $100,425,980. If we deduct this from the gross value of commodities produced on the farms of Canada, we find that the owners of the farms had a total gross production for their own use or for sale valued at $739,455,020, or an average gross value of production of $1,015 per farm. Members of farm families who worked numbered 1,093,383, of whom about 8% were female. Dividing the number of family workers into the total gross production (less cost of hired labour), it will be seen that the average value of gross production per annum for each member of the farm families who worked was $676.30. It should be kept in mind that this amount does not represent a cash income for products sold, but includes these portions of the crops used for seed and for feed for livestock, as well as the products used for consumption by the farm family and hired labour.

A much closer estimate of farm income can be made by taking the net value of production rather than the gross value. The net value of agricultural production for the year under review is estimated by the Dominion Bureau of Statistics at $556,621,000. This net value is calculated by deducting the value of those portions of the crops used for seed and for feed for livestock from the gross value, and represents the value of products raised on the farm which are available for sale off the farm or for consumption by the farm family and hired labour. This figure does not represent gross cash income, nor have any deductions been made for farm expenses or for living expenses. As shown above, farm labour expenditure alone amounted to $100,425,980. Deducting this from the net production, we have a net value of agricultural production

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

of $456,195,020 to be divided amongst the 1,093,383 members of the farm families who worked, or an average amount for each person of $417.23.

Even this amount cannot all be regarded as income. There are certain fixed charges and running expenses of the farm apart from hired labour which must be provided for. Taxes alone in the year under review amounted to $54,134,640, or an average of about $75 per farm. In making a comparison of farm income with the income of railway employees or other industrial workers, it may be said that they also must pay taxes out of their income. There is a difference, however, in the case of the farmer. The taxes he pays are on the property, without which he could not earn any income. In the case of the railways, the taxes on the property out of which the railway worker earns his income are paid by the Railway Company. There are other expenses such as maintenance of buildings and farm implements, fertilizers, etc., which must be paid if the farmer is to have any income, and while it is impossible to say precisely what the average income of the Canadian farmer is, an estimate for the year 1931 of $365.00 per year, or $1.00 per day, would seem to be reasonable, and certainly not excessive. No allowance is made for return on invested capital.

Now let us look at the income of railway workers. The following table shows the hourly earnings of railway workers in the running trades in 1931:

HOURLY EARNINGS, RAILWAY TRANSPORTATION, 1931

| | Engineers Per Hour | Firemen Per Hour | Conductors Per Hour | Brakemen Per Hour |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Road Passenger | 1.51 | 1.18 | 1.16 | .85 |
| Road Freight | 1.16 | .87 | 1.01 | .78 |
| Yard | .87 | .68 | .84 | .77 |
| Average | 1.18 | .91 | 1.00 | .80 |

Source: "Steam Railways of Canada", Bureau of Statistics.

The above figures show that employees engaged in the hauling of freight received wages averaging very close to $1.00 an hour. As a matter of fact they probably actually received more than $1.00 an hour on the average, as they were paid for time spent in excess of eight hours a day at the rate of

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.1.9.1.0.7.

time and a half. To state the matter briefly, therefore, the situation is that the farmers of this country received for their labour an average of $1.00 per day, and the men who hauled their products to market when shipped by railway received $1.00 per hour. The railway man worked an 8 hr. day or a 48 hr. week, whereas the average farmer's working hours per week were probably twice 48. This was the situation in 1931.

The Dominion Bureau of Statistics estimates the value of gross production on Canadian farms in 1936 at $1,061,624,000. No official figures are available as to the number of occupied farms, cost of hired help, etc., but assuming that these have not substantially changed, the following table shows comparative figures for the years 1931 and 1936.

COMPARISON OF FARM INCOME, 1931 and 1936

| | | 1931 | | 1936 |
|---|---|---|---|---|
| Total Value of Gross Production | | $839,881,000 | | $1,061,624,000 |
| Number of Farms | | 728,623 | | 728,623 |
| Value of Gross Production per Farm | | $ 1,150 | | $ 1,457 |
| Cost of Hired Help | | 100,425,980 | | 100,425,980 |
| Total Value of Gross Production less cost of Hired Help | | 739,455,020 | | 961,198,020 |
| Value of Gross Production less cost of Hired Help, per Farm | | 1,015 | | 1,319 |
| Members of Farm Families who worked | No. | 1,093,383 | No. | 1,093,383 |
| Value of Gross Production less cost of Hired Help, per Member of Family working | $ | 676.30 | | 878.28 |
| Total Value of Net Production | | 556,621,000 | | 681,077,000 |
| Total Value of Net Production less cost of Hired Help | | 456,195,020 | | 580,651,020 |
| Value of Net Production less cost of Hired Help per Member of Family working | | 417.23 | | 531.06 |

It will be noted that the average value of net production for each member of the farm families engaged in agriculture has increased from $417.23 in 1931 to $531.06 per annum, in 1936, or an annual increase of approximately $114 per year. As the farmer must work to a certain extent seven days a week, this shows average increased earnings of approximately 31¢ per day for each farm family worker.

In 1932, basic railway wage rates were reduced 10%. There does not appear to be a reduction of 10% in the actual earnings as shown in the following table, which shows the hourly earnings of railway workers in the running trades in 1935:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119108

HOURLY EARNINGS, RAILWAY TRANSPORTATION, 1935

| | Engineers Per Hour | Firemen Per Hour | Conductors Per Hour | Brakemen Per Hour |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Road Passenger | 1.47 | 1.15 | 1.13 | .83 |
| Road Freight | 1.08 | .82 | .96 | .75 |
| Yard | .79 | .62 | .76 | .71 |
| Average | 1.11 | .86 | .95 | .76 |

Source: "Steam Railways of Canada", Bureau of Statistics.

The railway unions recently demanded a return of this cut in their wages, and have been successful in forcing an agreement on the railways which means that they will have regained the previous high rates. This means an increase of about twenty million dollars a year in the cost of operating the railways of Canada.

Even the increased earnings of farmers due to higher prices for farm products make the farmers daily earnings little if any in excess of the hourly earnings of, say a passenger conductor. Railway statistics show that the average number of passengers per passenger train in 1935 was forty-four persons, so that the principal duties of a railway passenger conductor is to collect forty-four tickets. For this, he is paid an average of $1.13 per hour. He has, of course, other duties to perform, but much of his time is spent comfortably seated on a cushioned seat. Nevertheless, his average earnings per hour are approximately equal to the earnings per day of the average Canadian farmer, even under the improved conditions resulting from higher prices for farm products.

There has been complaint on behalf of the railways and railway workers that trucks are taking an increasing volume of freight traffic which had formerly gone to the railways. This is not to be wondered at. According to the Census of 1931, the average hourly earnings of truck drivers was 37¢ per hour. Farmers, like many other shippers, are patronizing a form of transportation which is cheaper and in many respects more convenient. It might be expected that if two types of workers offer their services, one at $1.00 per hour and the other at 37¢ per hour, that the shippers will avail themselves

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119109

of the services of those who can give them the cheapest service. It may be said that the wages of truck drivers are too low, but they are far in excess of the earnings of farmers. One of the results of this situation is that in 1920 there were 185,177 railway employees. In 1935, the last year for which figures are available, this had fallen to 127,526, a reduction of nearly one-third in fifteen years. This reduction in the number of railway workers is almost entirely due to excessive wage rates.

In spite of the obvious facts of the situation, railway workers are very likely to ask for even higher wages in the very near future. Already a demand has been made in the United States for an increase of 20¢ per hour. At all arbitration proceedings of recent years, Canadian railway workers have taken the position that when railway wages are increased in the United States they are entitled to an equivalent increase in Canada.

In 1935, the last year for which complete statistics are available, the railways of Canada handled about eighteen million tons of freight traffic, originating on the farms of Canada, made up as follows:

| | | |
|---|---|---|
| Agricultural Products | - | 15,716,120 Tons |
| Animal Products | - | 2,211,197 Tons. |

In addition to the above, farmers paid freight on a great variety of products which they purchased, including such items as agricultural implements, fertilizers, building materials, etc., etc. There are no detailed figures as to the amount of money which farmers have contributed to the gross revenue of the railways, but it runs into many millions of dollars. The high cost of transportation is an important factor in fixing the amount which the farmer received for his products, and therefore is an important contributing factor to the low income received by farmers. There were authentic records submitted to the Price Spreads Committee in 1934 which showed that in certain cases in western Canada when farmers shipped livestock to the Winnipeg market, the amount received when such livestock was sold was insufficient even to pay freight and

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

109110

stock-yard charges, leaving no return whatever to the farmer. This is an extreme example, but it demonstrates that the whole railway wage structure is completely out of line and cannot be maintained if agriculture is to prosper.

It is generally agreed that the progress ofCanada economically is largely dependent upon a solution of our railway problem. The above figures appear to indicate that the only true solution will be found in a wage structure reasonably in line with the wages of other types of Canadian workers, and bearing some fair and equitable relationship to farm income.

A further memorandum will be submitted shortly, showing the relationship between farm income and industrial wages generally.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

011111

#9

Ottawa,
April 6, 1938.

Mr. Robt. P. Hastey,
6027 Cottage Grove Ave.,
Chicago, Ill.

Dear Mr. Hastey:

I have your letter of 2nd.

The Government will not answer questions on the Order Paper respecting the management of the Canadian National Railways. When we were in power they raised Cain because we took the stand that the National Railways was not a Government Department, and, therefore, not subject to question and answer in the House. Now they take exactly the stand which they then reviled.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Pontiac 6 Pontiac 8

011112

**STERNBERG SALES & SERVICE, INC.**
HYDE PARK 8110
6027-6035 COTTAGE GROVE AVENUE
CHICAGO

April 2, 1938.

Hon. Arthur Meighan,
The Senate,
Ottawa Ont. Canada.

Dear Senator Meighan:

I am in receipt of your letter of March 31st and appreciate very much your prompt reply.

Is it not possible to put these questions on the order paper and get a reply? I merely ask this question or make the suggestion as I am very anxious to get the information as soon as possible.

I shall appreciate your advising me if this not possible.

Yours very truly,

Robt. P. Hastey

RPH/N.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119113

#9

Ottawa,
March 31, 1928.

Dear Mr. Hastey:

I have your letter of 26th March. I remember your family name in Ottawa quite well and am quite sure that my recollection of meeting you in clear.

It is impossible to get facts brought down in the House as to operations of Canadian National Railways. I shall, however, endeavour to keep your point in mind when witnesses are before us and see if I can get the details.

Yours very truly.

Arthur Meighen.

Mr. Robt. P. Hastey,
6027 Cottage Grove Ave.,
Chicago, Ill.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119114

Pontiac 6 Pontiac 8

**STERNBERG SALES & SERVICE, INC.**

HYDE PARK 8110
6027-6035 COTTAGE GROVE AVENUE
CHICAGO

March 26, 1938

Honorable Authur Meighn
Parliment Buildings
Ottawa Ontario, Canada

Dear Mr. Meighn:

I have been endeavoring for the past year and a half to secure some of the Canadian National Railway coal business, but to date have been unsucessful. I have submitted bids and have received nothing but curt replies. I have gone to the trouble of submitting all the desired information required of the Fuel Agent in Montreal. I have never been able to obtain the price that was finally paid when the bids were open or who the business was given to, also I have made many efforts to do so. It is customary to acquint the bider with the names and firms biding and prices submitted. I feel sure that you agree with me on this point.

I formally lived in Ottawa Canada as you know and my father was President of the Conservative Association in Ottawa for a great many years and it has been my pleasure to meet and talk with you although you may not remember me at this time. I was on the staff of the House of Commons when you were a member of the chamber and Sir Robert Borden was Prime Minister of Canada. I served over-seas with the Canadian army. On my return to Canada I was unable to get located in any satisfactory business so I moved to this country. I pay considerable taxes as a holder of real estate in Ottawa at the present time and I certainly feel that I should have been given more consideration from the officials of the Canadian National Railway.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[illegible]

Pontiac 6 Pontiac 8

**STERNBERG SALES & SERVICE, INC.**

HYDE PARK 8110

6027-6035 COTTAGE GROVE AVENUE

CHICAGO

I am wondering if I would be asking too much of you to endeavor to secure for me the following information. The names of all parties submitting bids for locomotive coal, said bids having been received by the Fuel Agent on March 14, 1938. The price of the bids finally accepted, the name of the mine from which the coal came from and over which railroad the coal was shipped before it reached the Canadian National line in the United States, also the successful bider for the coal supply to the Canadian National power plant at Elsdon, Illinois. The bids for this inquiry were opened on March 21 or 22, 1938. I trust that in making this request of you that I am not asking too much and shall appreciate hearing from you at your earliest convenience and trusting that you shall be successful in obtaining this information.

Yours very truly,

Robt. Nastey

RPH:LH

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L119116

#9

320 Bay Street, Toronto,
April 9, 1938.

Mr. A. Douglas Hume,
4217 Western Ave.,
Westmount, Que.

Dear Mr. Hume:

Your letter of 8th has been forwarded to me here.

If any accountants are engaged, it would be by the Committee as a whole. Whether such a step will be found advisable I could not say, but I suggest you write to the Rt. Hon. George P. Graham or Senator Beaubien, Joint Chairmen of the Committee.

Yours very truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L19007

4217 Western Avenue,
Westmount, Quebec,

April Six, 1938

Rt. Hon. Arthur Meighen, K.C.,
Senator,
Parliament Buildings, Ottawa.

Dear Senator:

The task that lies before yourself, and your fellow members of the cooperation committee of the two railway systems is a stupendous undertaking indeed.

May I respectfully offer my services as Investigating Accountant through you , to your committee, as one qualified by training and experience in similar matters, to produce "the facts back of the figures".

Am a Chartered Accountant (Ontario 1925), and recently resigned from a six year engagement with large New York firm ,in order to return to Canada, in order to take some part in worth-while Canadian investigations.

Am engaged on system survey work , right here in Montreal, and could arrange to obtain all the figures required for examination from the offices of the two big railroads, tactfully , completely, and with all details necessary in order to provide material for a thorough study of problem, from all angles.

Will sincerely appreciate the privilege and opportunity involved, and can assure you, sir , of my ability to cooperate , and produce both figures and facts- Reference Mr. Alden R Taylor,President of the William L. Barrell Company, 52 Chauncy Street, Boston,Mass. -(I have functioned for the last six years as Mr. Taylor's "figure-fact man".)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119118



I can also quote as reference any of the well known Chartered Accountants, such as Mr. George Edwards, F.C.A. , Mr. Henry James Welch, F.C.A.., Mor Colonel A.E. Nash, F.C.A. etc. ; Mr. Hugh D. Paterson of the Dominion Income Tax Department,will, I know, be able to vouch for my ability to perform.

Twenty years' experience in heavy corporation and professional work , specializing in mergers and consolidations, with large firms, in both Canada, and the United States , will prove an asset in such a capacity I sincerely believe.

Believe me to be, sir,

Yours , respectfully and sincerely,

ADH.

A. Douglas Hume

P.S. Also would like to mention as additional references:

Mr. Edwin G. Baker,President of Moore Corporation,F.N. Burt Co., etc.
Lieut-Colonel Colin W.G. Gibson. M.C. ,Hamilton,Ontario
Mr. A. Kingsley Graham , Consul of Finland,Toronto
Mr. A. E Walford Treasurer , Ogilvy's Limited, Montreal.
Etc.

ADH.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

#911

119119

April 11th, 1938.

Senator,
The Right Hon. Arthur Meighen,
Senate House,
Ottawa, Canada.

Dear Mr. Meighen:

Further to your letter of April 4th re investigation now under way.

I do not want to pester you with a lot of correspondence as I know you are a very busy man, but I would like to say my main concern is to stop "patronage dangers in political" control.

While the House of Commons have introduced a bill to correct election abuses I am still of the opinion that a public investigation

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119120



by the Seanate would be of untold benefit to Canada as a whole.

Personally, I have had many years experience in Toronto observing the Conservative Party Machine and its various manipulations from the City Hall onward and it is a great calamity that a small group of men should control the Canadian Political Parties.

Again thanking you for your kindness in this matter, I am,

Yours sincerely,

Rhys D Fairbairn

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119120

Ottawa,
April 4, 1938.

Dear Mr. Fairbairn:

I have yours of 31st. Now that a quotation is given from Mr. Bennett's speech, I do not see any inconsistency in it at all with what he said on a previous occasion. One of the reasons given previously was that the Bank should be free from political control. The reason he now gives is that the evidence of the patronage dangers in political control became at a very early stage only too manifest. He does not say that there were not other reasons or that the other reasons which he previously gave were not still valid. The fact is that in Mr. Bennett's original Act establishing the Bank of Canada, absolutely complete control was taken, but under that measure of private management which would insure against political patronage.

Yours very truly,

Arthur Meighen.

Mr. Rhys D. Fairbairn,
National Club,
Toronto, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119122

March
31st
1938.

The Senator,
The Right Hon. Arthur Meighen,
The Senate,
Ottawa, Canada.

Dear Mr. Meighen:

I am enclosing you an editorial which appeared in the Toronto Daily Star on the same day as I wrote you before.

In your letter you stated that you had not seen the Right Hon. R. B. Bennett's speech; in case you have not had the opportunity of seeing this since you wrote me, I am taking the liberty of enclosing same to you.

Sincerely yours,
Rhys D Fairbairn

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

## Mr. Bennett and the Bank of Canada

Rt. Hon. R. B. Bennett made a somewhat surprising speech in the Commons the other day with respect to Canada's Central Bank. He said that his own government, in bringing this bank into being in 1934, had intended to organize it as a publicly owned institution. "But"—this is the explanation Mr. Bennett now gives—"so strong did the pressure of patronage become before the bank had assumed form and before the statute was passed, and so many were the clamorous demands upon the various members of the House and upon the government to find positions for innumerable people, that we reluctantly provided that this should be a privately owned institution."

Mr. Bennett's words are of particular interest to The Star, because this paper contended at the time that the government was making a mistake in not establishing the bank as a publicly owned concern. And we recall the explanation then made by Mr. Bennett, which is somewhat different from that which he makes now. Speaking against an amendment which called for national ownership of the bank, he said in 1934:

"There are three reasons why the government is not prepared to accept this amendment: First, the experience of the world indicates that such a proposal would be bad. Secondly, it is essential that the bank should be free from political control. Third, all the profits of the bank except $225,000 accrue to the people, to the country, and to all intents and purposes the bank itself is a publicly owned bank, for (a) the provisional directors are named in the bill, and (b) the governor, the deputy governor and the by-laws must be approved by the government of the day."

So in 1934 Mr. Bennett gave the patronage reason as only the second of three. The first was that he regarded real public ownership as inherently bad. The third was that he claimed his own scheme was "to all intents and purposes" public ownership. But what does Mr. Bennett say now? He regards public ownership as inherently good. He drops the pretence that the bank, as his government organized it, was "to all intents and purposes" publicly owned. And he even

TORONTO DAILY STAR, TUE

attacks the King government for half measures in nationalizing the bank, because it got control by issuing new stock, instead of doing a real job by "taking over the private holdings, by expropriation, if necessary."

It is a pity that Mr. Bennett did not carry out what he now says was his original intention in 1934, namely, to organize the bank as a publicly owned institution. The picture he draws of his administration's retreat from that position rather than face the unpleasantness of dealing with patronage-seekers is not an attractive one. And his speech of 1937 is in peculiar contrast to his speeches in 1934.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119125

#9

320 Bay Street, Toronto,
April 12, 1958.

Mr. W. Morgan,
150 22nd Street E.,
Prince Albert, Sask.

Dear Sir:

Your letter dated March 7th has been forwarded to me from Ottawa, with notation by my Secretary that your name has been added to the free mailing list for proceedings of the Special Committee on Railway matters. I am indeed glad that he was able to arrange this for you.

With kindest regards,

Yours very truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119126

This name has been added to the free mailing list for proceedings of the Special Committee on Railway matters.

A.H.H.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L19127

150. 22nd. Street East.
Prince albert Sask.
March 7th. 1933.

Rt. Hon. Arthur Meighen Esq.
The Senate.
Ottawa Ont.

Dear Mr Meighen,

In order to introduce myself again, in short form, I enclose a note received from you in 1926, which please destroy.

I am very anxious to get a copy of the hearings of the Senate Committee on railway matters now in operation, and thought, perhaps, you would be in a position to send me it, if it is not too much trouble. If there is any expense attached to it please let me know and I will forward same.

With best personal wishes,

I remain,

Yours Sincerely

W. Morgan.

Confidential

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PRIME MINISTER'S OFFICE
CANADA

119128

Ottawa, June 30, 1926

Dear Mr. Morgan:

Thanks so much for your kind telegram of congratulations, which I most sincerely appreciate.

With every good wish to the Borden Conservative Association,

Believe me,

Yours very truly,

W. H. Morgan, Esq.,
Secretary,
Borden Conservative Association,
Borden, Saskatchewan.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119129

89

320 Bay Street, Toronto,
April 27, 1918.

Sir Thomas Tait,
762 Sherbrooke St. W.,
Montreal, Que.

Dear Sir Thomas Tait:

Your letter of 25th regarding the Railway problem has just been forwarded to me from Ottawa. Thank you very much indeed for sending me the pamphlet which you issued in 1917. I had already had the pleasure of receiving it and reading it, and am glad to have it before me. — See file 9 A

Yours very truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119130

SIR THOMAS TAIT

762 SHERBROOKE STREET, WEST.

MONTREAL

25th April, 1938.

The Honourable Arthur Mien,
The Senate,
Ottawa, Ontario.

Dear Mr. Mien,

I have been away at White Sulphur Springs, West Virginia, and only returned at the end of last week.

I note that a Committee of the Senate has been appointed to enquire into the Canadian Railway problem. I do not know that it will be of any particular use to this Committee or any of its members, but I send you herewith a pamphlet, which I was vain enough to entitle "A Solution of the Canadian Railway Problem", suggested by me in April 1917, together with a copy of a Memorandum supplementary to this pamphlet, written by me in May 1921. Lord Shaugnessy, and, indeed, at the time, Sir Edward Beatty were good enough to say that next to their scheme the solution suggested by me was the best that had come under their knowledge.

The scheme which the Canadian Pacific had in mind at that time would, I am quite sure, not be acceptable to the Government or Parliament, and probably largely on this account it has been very much modified by Sir Edward Beatty.

There may at least be some matter in my pamphlet or memorandum which will be of use to the Senate Committee.

Yours very truly,

Thos Tait

Encl:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

011931

O. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
OF THE ONTARIO BAR
MELVILLE B. GORDON
CHRISTOPHER ROBINSON
OF THE QUEBEC BAR

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

CABLES
LAURENTIAN, OTTAWA
TELEPHONE 2-2466

OUR FILE No. 2090-1

April 30, 1938.

#9

Rt. Hon. Arthur Meighen, P.C.,
The Senate,
Ottawa, Ont.

My dear Senator:

Re Railway Inquiry

I enclose a copy of a memorandum I have made with regard to the proceedings before the Senate Committee. As appears from it, I met Senators Beaubien and Graham together and discussed with them the course of procedure which would probably be most convenient, and they tentatively approved my suggestions as to the order in which certain subjects might be dealt with.

If you and Senator Dandurand would like to give me any further instructions before the Committee meets, I shall be available at any time on Tuesday which is convenient to you.

Yours very truly,

BMC

Enc.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1099-132

**MEMORANDUM**

**RAILWAY INQUIRY**

1. I hope to have by Wednesday morning a good deal of statistical material connecting that contained in the Duff Commission report with the figures for the six years 1932 to 1937. I have also had discussions on the subject of co-operation with the members of the Joint Co-operative Committee (the technical committee) and have also discussed the activities of the Joint Executive Committee with Mr. Hungerford and Sir Edward Beatty, who have taken part in these. As a point of departure for the Committee's consideration of this subject I have obtained the joint statement by the Chairmen of the two Sections of the Joint Co-operative Committee. A similar joint statement may be made by the two Presidents with respect to the work of the Joint Executive Committee. If so, the disposition of the question of co-operation will probably be much simplified. Finally, Mr. Hungerford and Sir Edward Beatty agreed that the latter should first submit to the Committee any proposals he may have for the future and that any witnesses from the Canadian National on the subject of future action should follow on afterwards.

2. I met the Joint Chairmen of the Senate Committee in Montreal last Wednesday and it was then tentatively arranged that the best course to pursue would be for me on Wednesday next to lay before the Committee the fresh statistical information available and any joint statements on the subject of co-operation, that the Committee might then proceed on Thursday to obtain from witnesses such further information as to co-operation as seems to it desirable to obtain, and that when the question of co-operation has been exhausted, Sir Edward Beatty should be invited to develop his unification proposals. Sir Edward and I agreed that the marshalling of the Canadian Pacific's evidence on this subject was the Canadian Pacific's responsibility, but I have asked him to let me have in advance a list of any witnesses he desires to have heard with an indication of the subjects with which each of them is competent to deal. The analysis of his proposals before the Committee will no doubt take some time.

3. Mr. Hungerford was somewhat concerned that any criticism of Sir Edward Beatty's proposals should not be volunteered by members of the staff of the Canadian National but should be drawn from them. He agreed, however, that they alone had the necessary knowledge and experience necessary as a basis for useful criticism. Since it is likely that any criticism by railway witnesses will have to come from Mr. Hungerford himself and from one or two of his principal subordinates, I am not sure that in the result it matters very much whether or not the Canadian National as such undertakes to meet whatever case the Canadian Pacific may make. From the point of view of procedure, however, the point is not without importance.

4. It is obvious that, acting as I am for the whole Committee, I cannot adopt the attitude which might be adopted by counsel briefed to support or oppose any particular course of future action, and I do not suppose that the Committee desires to hear counsel retained on each side. If I am right in this, I assume that such questions as I may direct to witnesses on either side must be such as might

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119133



properly be asked by a judge presiding at a trial, that is, questions directed to elucidating and giving precision to the proposals or criticisms which any witness puts forward and to obtaining appropriate explanations of any differences there may be between the evidence given by particular witnesses before the Committee and the statements made by them on previous occasions.

5. The subject under inquiry is however one upon which some members of the Committee have already formed at least tentative opinions. Some of these on each side may consider that I am not sufficiently aggressive in support of either one view or the other. It seems to me, however, that in the absence of separate counsel on each side, this difficulty, if it exists, can be overcome only by members of the Committee who entertain strong views in either one sense or the other assuming the function of pressing the witnesses for answers in support of their respective views.

6. It will no doubt be useful to consider well in advance the question of what, if any, witnesses, other than railway witnesses, it may be desirable to call. The possible witnesses fall into different categories, as follows:

(1) Former officers of the Canadian National Railways: There are no former officers of the Canadian Pacific so far as I know, but it has been suggested that it would be useful to call the Hon. Mr. Fullerton and Mr. Gerard Ruel.

(2) Bankers: Presumably it would not be proper to call Mr. Towers, and it is difficult to select a prominent officer of any of the commercial banks. Mr. Wilson, of the Royal, has been suggested in this connection but the fact that he is a director of the Canadian Pacific might affect the weight of his evidence.

(3) Academic students of the railway situation: There are a number of these. Mr. Jackman, Professor of Political Science at Toronto University, was mentioned at one of the early meetings of the Committee. Mr. McDougall, Assistant Professor of Political and Economic Science at Queen's, is said to have made a special study of the railway situation, and the same is true of Mr. McQueen, Professor of Political Economy at the University of Manitoba. I have inquired from these three gentlemen whether, if the Committee decided to ask them to give evidence, they would be available for the purpose in the latter part of May.

In addition there is Mr. Leslie Thomson, an engineer in Montreal, who has a book on the railway situation in press and who is said to have made some years ago a very useful study of the St. Lawrence waterway proposals. So far as I know he has no affiliations with either the Canadian Pacific or the Canadian National, and I have asked him to advise me as to his availability as a witness.

Mr. Glazebrook, Associate Professor in History at the University of Toronto, has just recently published

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119134



a historical review of the Canadian railway situation, and I inquired orally from him what, if any, evidence he could give. He tells me that he has not given any consideration to the question of the future and does not think he could be of assistance.

Finally, there is Professor Leslie Fournier of Princeton, who has been recommended as having a wide knowledge of the Canadian railway situation. As to how recently he has been in touch with it, I have no information.

(4) Trade organizations: Their studies of the railway situation have, as I understand, been made by the Canadian Manufacturers' Association and the Toronto Board of Trade. This may also be true of the Canadian Chambers of Commerce, and it is possible that officers of organizations of this kind might make useful witnesses.

April 30, 1936.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

VICE-CHAIRMAN:
H. L. WARDE, B. R. C. A. 58
276 EAST 19TH AVENUE
VANCOUVER, B. C.

CHAIRMAN:
W. PENNINGTON, B. OF R. T. 144
2157 EAST 5TH AVENUE
VANCOUVER, B. C.

119135

SECRETARY:
J. W. HOPE, B. R. C. 630
P. O. BOX 195
VANCOUVER, B. C.

#9

# The Standard Railway Unions'
## Local Conference Committee

27

Right Honourable
A. Meighen, P. C.
House of the Senate,
Ottawa, Ont.

*Vancouver, B. C.* May 3rd 1938 *193*

Dear Sir :-

The following resolution in support of the stand against the amalgamation, co-ordination or unification of the Canadian railways, was recently passed by a meeting of the delegates of the various locals of the Standard Railway Brotherhoods in Vancouver; together with instructions to forward copy to you for your information and interest :-

" Whereas, there is open public discussion throughout Canada on the Railway Question; and, also a campaign has been instituted by the financial interests, in the Senate, in the Press and over the Air, to create a sentiment that amalgamation, co-ordination or unification of the railways of Canada would be benificial to the country by effecting a saving of about $75,000,000. a year :

" And whereas, this designed saving of $75,000,000 is not planned to come out of the enormous fixed and interest charges, but is to be derived out of curtailed services, labor costs and materials, such saving would be at the expense of not only the railway workers, but also of the people generally both in the towns and the country-side, and at the price of the industrial, commercial and domestic life of the country, as affected by the consequent elimination of railway services to communities; bringing a loss of the necessary economic facilities upon which depend the living of the productive people, who have actually built up the country; many of whom have toiled constructing these railways, and are now operating the services and industries of our country; such a loss will change our communities into ghost towns, with loss of workers and farmers' homes, and will increase the unemployed and relief recipients throughout Canada, and in such manner would every part of our Dominion be disintregrated, and the prosperity natural to our Canada further stunted by monopoly ;

Continued :-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119136

"And, whereas, for such good reason the people throughout the Dominion voted decisively against amalgamation in the 1935 elections;

"Further, whereas, the Canadian National - Canadian Pacific Act 1933, reads in part:

' 27. Nothing in this Act shall be deemed to authorize the amalgamation of any railway company which is comprised in National Railways with any railway company which is comprised in Pacific Railways nor to authorize the unified management and control of the Railway system which forms part of National Railways with the railway system which forms part of Pacific Railways.'

" Therefore be it RESOLVED :

' That this Standard Railway Unions' Local Conference Committee join with all other organizations and the people generally to support our Brotherhood Officers and our Government in a stand against amalgamation, co-ordination or unification of the Canadian Railways.' "

Respectfully submitted,

Yours truly

Secretary.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119137

O t t a wa,
May 4, 1938.

9/

Mr. Frank Eliason,
United Farmers of Canada,
Saskatoon, Sask.

Dear Sir:

I duly received your letter of 28th with enclosure, and can assure you that your representations will be carefully considered when the subject matter comes before the Committee of the Senate dealing with the Railway problem.

Yours very truly.

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

# United Farmers of Canada

## SASKATCHEWAN SECTION
## LIMITED

JOHN EVANS, *Honorary President*

F. ELIASON, *Secretary*

SASKATOON
CANADA

119138

**Executive**
G. R. BICKERTON, *President*
H. A. CROFFORD, *Vice-President*
Mrs. M. BRADLEY, *Pres., Women's Section*
W. A. S. TEGART
A. M. THISTLETHWAITE
C. DEAVER
J. HUNTER
N. ANDERSON

**Legal Department**
W. B. HARTIE, Barrister, Solicitor, etc.

**Publicity Department**
S. W. YATES

*Affiliated with Sask. Co-operative Conference*
*Western Co-operative Conference and*
*National Chamber of*
*Agriculture*

**Directors**
Dis. 1—W. SETKA, Macoun
Dis. 2—J. BORGERSON, Rock Glen
Dis. 3—T. MILLER, Loomis
Dis. 4—A. M. THISTLETHWAITE, Stewart Valley
Dis. 5—R. PREBBLE, Tugaske
Dis. 6—W. S. THAIR, Adams
Dis. 7—A. FREDLUND, Percival
Dis. 8—J. HARDIE, Theodore
Dis. 9—Mrs. G. BURNS, Drake
Dis. 10—C. W. DEAVER, Davidson
Dis. 11—T. W. McTAGGART, Kindersley
Dis. 12—G. HINDLEY, Palo
Dis. 13—H. J. MILLS, Colonsay
Dis. 14—BEN PUTNAM, Watson
Dis. 15—W. A. S. TEGART, Weirdale
Dis. 16—J. HUNTER, St. Walburg
Mrs. VERA MARTIN, Kindersley
Mrs. LOUISE LUCAS, Masenod

292

April 28th., 1938.

Rt. Hon. Arthur Meighen
Leader of the Opposition,
The Senate Chamber,
Ottawa, Ont.

Dear Sir,

We are enclosing herewith copy of a Night Letter we have addressed to Rt. Hon. W.L.Mackenzie-King, which is self-explanatory. We sincerely trust you will give this matter your favourable consideration and support.

Yours very truly,

THE UNITED FARMERS OF CANADA SASK. SECTION LTD.

Frank Eliason

SWY/Y.

Secretary.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

019139

COPY.

Rt. Hon. Mackenzie-King,

House of Commons,

Ottawa, Ont.

April 28th. 1938.

We are unalterably opposed to any attempt at unification of the Canadian National and Canadian Pacific railways on such inequitable terms as are set out in recent press statements.(Stop)Consider this as a barefaced attempt to unload on the Government the liabilities of the C.P.R. while that company retains its assets.(Stop) Also condemn the proposal to incorporate a separate company to effect unification.(Stop)The activities of those who favour unification are clearly designed for the benefit of the C.P.R. and not the taxpayers of the Dominion.(Stop)Curtailment of services would work great hardship on Western agriculturists, prevent development of natural resources and dangerously reduce or wipe out operating profit of C.N.R.(Stop) Solution of railway problem requires first revaluation of Canadian National assets in line with presentday use and productive values,which would enable it to operate at a good profit;second,an appraisal of the assets of the C.P.R. on a similar basis by a committee appointed by the Government for that specific purpose in readiness for inclusion of C.P.R.in the national system whenever the necessity may arise.

Frank Eliason,

Secretary United Farmers of Canada Sask.SectionLtd.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119140

9

O t t a w a,
May 5, 1938.

Dear Col. Biggar:

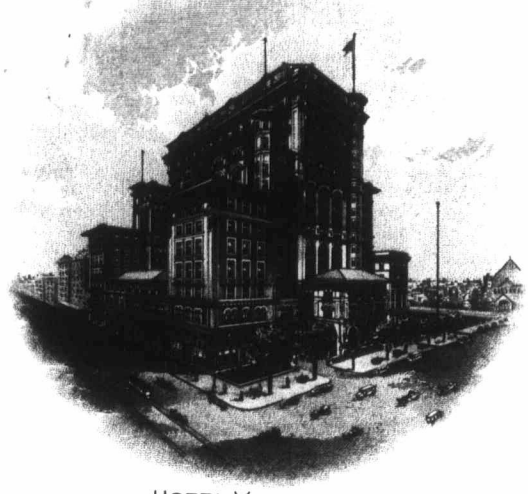
I will be back Tuesday morning and would be glad if you would 'phone me that morning and we can arrange to discuss any feature of that memorandum which you desire.

Yours very truly,

Col. O. M. Biggar, K. C.,
140 Wellington St.,
Ottawa, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA



HOTEL VANCOUVER
VANCOUVER, B.C.

Confidential Contract Proposition

Offices and Rooms
Suite #304 Empress Bldg

~~Canadian Pacific Hotels~~
Hotels C. P. R. Vancouver

#9

Mar 19/38.

The Right Honourable Mackenzie King
The Senate
Ottawa.

Dear Sir

Replying to your letter of Mar 14
the name of the Purchasing agent for
Canada Nail Co. is "Labrie" during
the years 1924-25 the solicitor
Agent of the Purchasing Agent was
Messrs Hanna Hall formerly Sir
Henry Thornton, under instructions
from Contractors all over B.C.
ordered an investigation

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA



HOTEL VANCOUVER
VANCOUVER, B.C.

119142

Canadian Pacific Hotels

the matter of which were so serious
that pressure was brought to bear
on Sir Henry J. Vaughan the V.P.
at Ht Lrs & the very able & honest
investigation Sir Henry had started
was dismissed but later was
given an interview at Ht Lrs
(Toronto Star) & Sir Henry was
so pressed his great regret at
the turn matters had taken &
Low that investigation 4 months'
salary —— Hon H H Stevens

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119143

3



HOTEL VANCOUVER
VANCOUVER, B.C.

Canadian Pacific Hotels

Leaving 7 all this
Morning His Statements from Contractors
all in. (about 50 altogether)
were true. Of a Friend of mine
a St Lawrence Thomas appointed by
Sir Henry — it was agreed
the remuneration shd be $5000 Total
& Proof of this Purchasing Agts
hence Capt were sent by
St Lawrence Thomas direct to
Sir Henry Together with a letter
from Sir Geo Perley, That St Thomas

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 19144



HOTEL VANCOUVER
VANCOUVER, B.C.

Canadian Pacific Hotels

Had been Sup[erintendent] for
the C.P.R. in Sir Wm Whytes time, &
that Le. (Sir Geo Amy) could say
Le was one of the best Superintendents
the C.P. ever had, That was in
1925. But he afterwards became
to Sir Henry So as to make him that
he at once had Vaughan the VP
on the Carpet, & between them they
decided it would make
So many letters &c That it
would be better to call Mr Thomas &
myself & Sir Henry Thomas
Asst Freight Traffic Mgr.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA



HOTEL VANCOUVER
VANCOUVER, B.C.

0 19145

Canadian Pacific Hotels

5

with a letter. That circumstances
beyond my control make it necessary
at this time to call this
meeting. — that I have learned
from the Chief C N Officials here
told Mr Leigh Thomas that Labrie
had been fired (on his resignation
complies) on the private understand-
ing with Vaughan the V.P. that he would
get a bonus of $25.000 & the
still the purchasing Agt for the C N
under Coen at a yearly Salary

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1 1 9 1 4 6




Canadian Pacific Hotels

6.

So Labour passed [illegible]
Private Offices, for a time was
able to place [illegible] with C.N.
but gradually he was frozen out
& for a time [illegible] threatened
an action against C.P.R. Henry &
Vaughan — but it eventually
all turned up Sweet, but to
this day it is a matter of common
knowledge that the C.N. Pensions Dept
is an open shop. Oil well &
wholesale graft.

Yours Sincerely, H. V. Lloyd McKeand
Lt Col

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119147

Ottawa,
March 24, 1928.

#9
Railways.

Lieut. Col. H. V. Lloyd Williams,
300 Empire Building,
Vancouver, B. C.

Dear Sir:

I have your letter of 11th March.

I am afraid, without further particulars, it would not be possible for us to get at any of the facts. If you would care to divulge who the agent was and where he can be reached, it would help us. Also, please let us know the year in which the $25,000.00 was paid him.

I note that your letter is marked "Confidential."

Yours very truly,

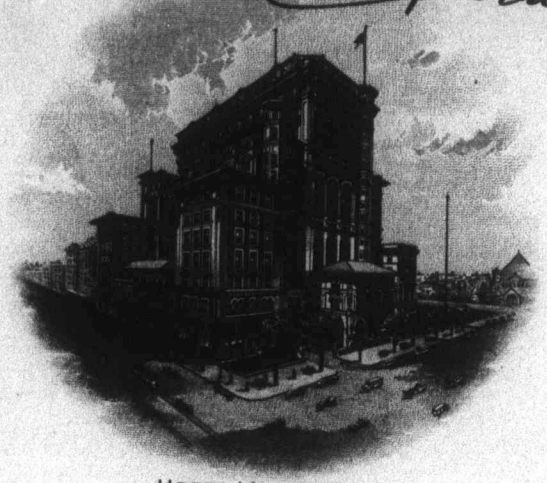
AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Confidential Docket 1/1/21/48



HOTEL VANCOUVER
VANCOUVER, B.C.

Canadian Pacific Hotels

Mar 11/38

The Right Hon^ble Lord Meighen
Ottawa

Dear Sir

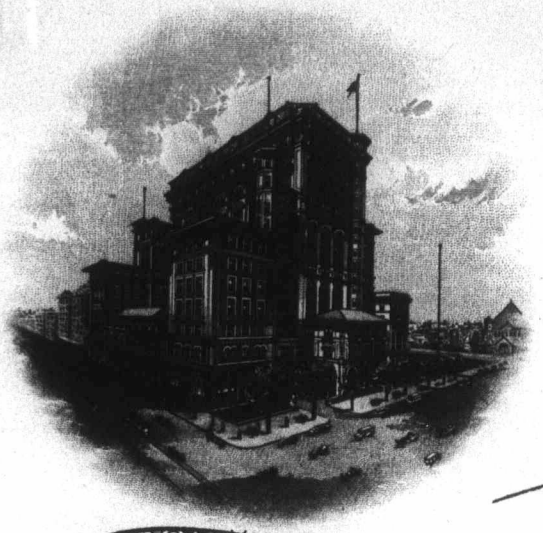
If you should become
a Royal Com^n for investigation of CN
Rly Rackets. It is vitally important
that it should very fully explore &
unearth the huge graft of
its Advertising Dept. under
Vaughan, a Vice Pres^t of the Co.

cont'd

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119149



HOTEL VANCOUVER
VANCOUVER, B.C.

Canadian Pacific Hotels

2

During the Hunter Regime the
Purchasing Agt Line was found
to the satisfaction of Sir Henry
to have extorted hundreds
of thousands — & all his Vaughan
would tell Hall to save him
Sir Henry ordered him dismissed
but appealed to give him
a bonus of $25.000 & the
promise of a seat in C N
business.

at that time Hall Stevens

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA



HOTEL VANCOUVER
VANCOUVER, B.C.

1 1 9 1 5 0

Canadian Pacific Hotels

3

Hon Minister of Commerce, was
lately consulted with the facts
of the Lumber Racket, & was
largely instrumental in
getting his removal from
C.N. Bd under Customs
jurisdiction such same
Thing has Come or Continued
for past 15 Yrs

Sincerely Yrs
H.V. Hyde-Williams
Lt Col. 21st Lancers
ret'd.

Office address
#300. Empire Bldg
Vancouver B.C.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119151

Ottawa,
May 10, 1938.

#9.

Mr. Thos. P. Mazurette,
4394 Montana St.,
Montreal, Que.

Dear Mr. Mazurette:

I just returned to Ottawa this morning and have your letter of 8th with enclosure. I will give the matter every attention I can, but am afraid I won't be permitted to bring it up.

Yours very truly.

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119152

4394 Mentana Street,

Montreal, May 8, 1938.

Hon. Arthur Meighen, Senator,
Ottawa,
Canada.

Sen Beaubien

Dear Senator;-

In response to your esteemed favour of the 5th instant, I wish to state that I not expect to ever require any of the documents contained in my letter of the 4th instant, all of which were submitted in order to enable to grasp the frightful manner in which E. R. Decary has sabotaged the purchase of the properties alleged to be needed for building the C.N.R. Montreal Terminal, in which he had cate Blanche to rob the Canadian public.

I may add that the statement sent you listing the properties purchased by Decary was prepared by myself at the request of Ald. J. M. Savignanc in order to support his charges of extravagance against the Thornton administration.

Now then, it seems to be that every extravagant purchase of properties or every enterprise that registers a loss should properly be subject to the investagtion that is being conducted into the affairs of the C. N. R., and where such losses occur, radical means should be adopted to terminate the same, irrespective of party consideration, although the Liberal Government is solely responsible for appointing Thornton.

In Montreal, there is a multiplicity of CNR. telegraph office, which are operated at a loss, and might wisely be closed( No revenue to justify continuation of same) The same obtains in the express branch, where the chauffeurs. for the most part, do not speak a word of French, which they should. There is a lot of deadwood in C.N.R. Staff.

Bearing in mind the enormous annual losses of the C. N. R., which is operated as a political machine by the Liberals, amouting to almost one million dollars per week, we, as Canadians, must strive to terminate promptly this shameful waste of public funds.

Many thanks for the attention you have given to this nationanl question, and many Canadians, like myself, rely on your zeal and ability to bring about the reforms needed on the C. N. R. management.

Enclosed herewith please find a copy of the late Gouin's speech in the House on Mar 16th, 1922, which indicates that he was a small Canadian.

I may write you more at large Re Decary in the near future, If I deem it advisable,

In the meantime, believe me to be,

Faithfully yours,

Thos. P. Mazurette.

Thos. P. Mazurette.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

# GOUIN DENIES CHARGES PREFERRED BY MEIGHEN AGAINST QUEBEC "BLOC"

## House Listened Eagerly To Masterly Reply—Former Quebec Premier Detects Racial Subterfuge In Title Assigned To Him "Master of Administration" — Calls Leader of Opposition Bad Loser

PRESS GALLERY, House of Commons, Ottawa, March 17.—(By R. W. Lipsett, Star Staff Correspondent.)—Another niche was cut in the sparsely populated Federal hall of fame Wednesday. It is cut to receive a sphinx-like and portly figure—the figure of Sir Lomer Gouin. In hardly more than twenty minutes Wednesday he carved his way unfalteringly through the criticisms and insinuations, which have deluged him since Parliament opened to a secure position as one of the outstanding figures in the national life of Canada. Not for many years has the mastery of condensation, the breadth of thought and incisiveness of utterance which marked his speech been brought together in Parliament.

While his personality was holding the rapt attention of the House and crowded galleries, his voice laid bare attacks upon Quebec and upon himself. There was, he declared, no attempt at domination by Quebec or by "Big Interests" of Montreal. The force which wiped out the Meighen administration was the will of the people of Canada and nothing else. The Government sought only such a solution of the railway problem as would be satisfactory to the interests of Canada in general. Not an iota of favor had been shown Quebec in the order-in-council passed respecting fisheries in that Province. Quebec desired no favors and would receive none. Sir Lomer recalled the fact that every single order-in-council passed by the late Government and tested in the courts had been found ultra vires.

Referring to the charge that he (Sir Lomer), was the master of the administration he said that it was advanced not to annoy him but to accentuate the unfortunate differences which have existed for too long between certain Provinces and Quebec.

There was only one chief in the Liberal party and that was the Prime Minister, Mr. King, who held the loyal support of every Liberal in the House and in Canada as well. As for Sir Lomer, he was simply a man of good will striving to fulfill one ambition, which was to be permitted to serve his country in his own modest way, striving to give effect to the spirit to which he had directed his life, the spirit of unity which is so essential to the prosperity of Canada and the happiness of Canadians.

### TOMMY CHURCH KEEPS HOUSE TWO HOURS EAGERLY WAITING FOR SIR LOMER GOUIN

Sir Lomer could have had no better stage setting if the arrangements had been in his own hands. For two solid hours the late Mayor of Toronto, Thomas Church, kept the House in eager anticipation of the first speech of the new Minister of Justice. Mr. Church spoke of hydro electric and of national and private ownership. He had some floral tributes to lay at the feet of private initiative but he was infinitely more an apostle of public ownership. Just what he had to say will not be known until Hansard has been revised.

Except for "in the midst of life we are in death" chant he recalled Parliament's good friend Dr. Blake who went down to defeat in the last election in North Wentworth because he would not advocate the throwing of the immigration barriers down to all Europe. Mr. Church speaks two hundred words a minute, has a sonorous voice and never stumbled against a period in his life except the final one. The semicolon, the colon, the dash and the comma look like a Chinese laundry ticket to him.

Before he had finished it was understood that Hansard has advertised in Toronto for some shorthanders who understood the language of that city. He had the local staff looped, "Adam Beck" and "Trawnta" were about the only words they could assemble.

In the interval, through 120 minutes, a crowded house was waiting to hear from the "Mystery Man" of Quebec. On the floor and in the galleries impatience was general when Mr. Church finally concluded. The contrast between his "Tennyson's Brook" contribution to the debate and the firm, studied, concise expression of the late Premier of Quebec was startling in itself.

Sir Lomer came to Ottawa with the idea paramount in Quebec minds from other sections of the Dominion that he was a much-over-estimated man. He had been a dictator in a hive of his own kind, his critics said. Was he until he met those as trained as himself in parliamentary ways, those not affected by the glamor of his reputation, they said.

### STRIKING SPEECH

Well, everyone waited, and last night the verdict was unanimous in all camps. Sir Lomer's address and its delivery was a masterpiece. It lacked the studied grace of a Lemieux, the personal warmth of a Lapointe, but it was a trip-hammer effort in which every word carried sincerity and which stirred not only the Government but also Progressive benches to riotous enthusiasm.

Though a veteran of public life it was Sir Lomer's maiden speech in the House of Commons and it is only fair to his opponents in politics to say that they granted him the new member's historic courtesy of declining to heckle or interrupt him.

Four or five times Mr. Meighen was at the point of interrogation but he kept his peace, but, knowing Mr. Meighen, it will be remarkable if Sir Lomer's charge that he is a bad loser does not precipitate one of the fireworks before this session is ended.

The Opposition did not attempt a response to Sir Lomer yesterday. There was a rumor that Hon. Harry Stevens, Vancouver Centre, who is probably the most aggressive and effective scraper in the Opposition apart from Mr. Meighen, would reply. If there was any plan to that effect it was abandoned and Sir Henry Drayton, late Minister of Finance, is scheduled for the next big Opposition effort. He is scheduled to appear today, but Sir Henry is a pleasant chap who prefers pleasantries and platitudes to internecine strife.

The Progressives had another strenuous innings and last night the wipe reported that they were just getting used to the sound of their own voices and rather like it. The debate may run on well into next week though there are still hopes of terminating it before adjournment this evening.

### CHURCH SPEAKS

OTTAWA, March 17.— (Canadian Press).—When the House opened yesterday afternoon, T. L. Church, (Toronto North), continuing his speech on the address, said Canada was very much behind the times in the matter of good roads. He advocated co-operation between the federal Government, the provincial government and the municipalities to improve roads. On the railway situation, Mr. Church remarked that when we were told how much private ownership of railways had done for the country, it was well to remember what the country had done for private ownership.

Mr. Church referred to the Minister of Railways to the Drayton-Acworth report for advice on railway consolidation. He referred to the railways being in politics and said the greatest politicians in the country were the presidents and general managers of the roads. The Canadian Pacific Railway always supported the Government of the day.

Mr. Church said that the United Farmers' Organization had become unpopular in Ontario because it had not carried out its promises. Otherwise Mr. Crerar would have been called upon to form a government, and then he would have found the Canadian Pacific Railway wishing itself upon him whether he wanted it or not. Lord Shaughnessy was for co-ordination of the Government roads with the Canadian Pacific Railway. If he (Lord Shaughnessy) had his way the Canadian Pacific Railway would own the whole country, the heavens above and the waters under the earth.

He hoped that before long, Hon. W. C. Kennedy, Minister of Railways, would indicate what he was going to do about it. Co-ordination indicated in the Speech from the Throne should not take long. When the United States entered the war the director general of railways had co-ordinated the three hundred American roads in twenty-four hours.

The management of the National Railways must be given a free hand.

It would be a good thing for the Government to bring down a bill providing for the reorganization of the Railway Commission. Mr. Church was opposed to a commission with such powers as the present one. He criticized the last freight rate increase granted by the Commission on the ground that it was based on figures by the Canadian Pacific Railway and not investigated. He also voiced his disapproval of the last two telephone rate increases.

Rural depopulation was not explained by either free trade or protection, for it was world-wide. The real explanation was lack of transportation and of good roads. This need could not be supplied, in Mr. Church's opinion, by the motor truck. Radial railways had done much to meet it in the United States, and the farmers of Ontario wanted them because it was believed that they would also solve the problem in Ontario.

Mr. Church declared himself in favor of protection and of Senate reform. He would like to see radical changes in the method of appointing to the Senate.

There was an agitation in this country to loosen the ties between Canada and the Motherland. It was impossible to please those who would abolish appeal to the Imperial Privy Council. Canada did not need an Ambassador at Washington or even a High Commissioner.

Hon. P. C. Larkin, Canadian High Commissioner at London, now that he had received his appointment should, like the Speaker, forget his party politics.

### GOUIN'S SPEECH

Hon. Sir Lomer Gouin in addressing the house said:

"Mr. Speaker, I had no intention of taking part in this debate, and I would not now rise to address the House were it not that the Right Hon. the leader of the Opposition in the course of a speech, thought it proper to refer to the manner in which he did to my attitude during the last electoral campaign.

"I crave the attention of hon. members for a short time, and I also crave their indulgence, for though I may count myself as one of the veterans in our public life, yet as a newcomer to this House I must confess in all candor and sincerity that I feel exactly as does the young deputy who rises for the first time to address his fellow members.

"Listening to the oft-repeated reminiscences of the right hon. leader of the Opposition (Mr. Meighen) to the declarations that I made during the last general election, and also to the declaration which he says I may have made, I could not help thinking that my right hon. friend should be exceedingly grateful to me for having sought and won the confidence of the electors of Laurier-Outremont, had I not been elected for that constituency much of the best efforts of his great speech would have been lost.

"I repeat, Mr. Speaker, that I do not intend to detain the House for any length of time, by attempting to answer all the statements which have been made about myself by my right hon. friend. For many years I sat in another legislature and I have always avoided what might be construed as an attempt to impose my personal views on my colleagues in respect to any subject, and I have never tried to defend myself against personal attacks. I do not intend to depart from that rule on this occasion.

"I gladly accept this opportunity, Mr. Speaker, to add my most sincere congratulations to those which have already been so happily and so justly extended to you by those hon. members who have preceded me. I am glad also on this occasion to most heartily congratulate the proposer and seconder of the address in reply to the Speech from the Throne on their remarkably eloquent addresses.

### ELECTION QUOTATIONS

"My right hon. friend, the leader of the Opposition, has endeavored to put me in a contradictory position by quoting a paragraph from the Speech from the Throne, in which it is stated: 'Our Dominion has not escaped the world-wide economic disturbance and industrial depression, but has suffered less from it than other countries. Keen observers of the business barometer feel that the worst is about over and that at an early date we may look for a substantial revival of activities.' My right hon. friend has contrasted with that paragraph certain opinions which I expressed during the late general election to the effect that our country was passing through a most serious crisis, and the picture I then drew of her economic, commercial and industrial condition was no darker than that drawn by the right hon gentleman himself at that time. Indeed, were I to trespass on the time of hon. gentlemen by quoting newspaper clippings to the extent that he did, I could very easily convince the House that on this point I hardly exceeded any of the statements of the right hon. leader of the Opposition himself.

"With regard to the statement quoted by him that I told the electors of Montreal or Three Rivers, (I do not remember which exactly), that the population of Canada was declining, he should at least, it seems to me, have given me credit for sufficient knowledge to believe that I could never make such a declaration. I did say more than once that our customs revenues were decreasing, and that is borne out by the official returns of the Treasury. I stated also, and rightly, that our foreign trade was falling off, and I do not suppose that any hon. member will pretend that I misled the people of my province when I stated that our national debt was increasing to an alarming extent. No, Mr. Speaker none of my declarations during that campaign were exaggerated; all and each of them were strictly in accord with our economic condition and the state of mind of the people at that time. In a word, there is no contradiction between any of my modest speeches and this Speech from the Throne.

### RENEWED CONFIDENCE

"I would remind the right hon. leader of the Opposition that circumstances have changed in this country since the dissolution of the last Parliament. Great and important changes have happened in the interim and I make bold to say that this feeling of security which already is so noticeable in our people and their confidence in a general revival in business are due to a large extent to that confidence which the nation reposes in the new government which they chose last December.

"My right hon. friend has referred to my standing on the tariff question and, if I understand him aright, he even insinuated that that stand was inspired by certain interests which he holds responsible for the defeat of his party and the triumph of the Liberal party. My views on the tariff question have never changed during the last twenty-five years.

"For fifteen years I have followed, approved, endorsed, the Laurier-Fielding tariff policy. During the last election I advocated that policy and I told the electors of Laurier-Outremont and other parts of the Province of Quebec that if the Liberal party secured their confidence and were returned to power, they would remain true to that policy and carry it into effect through a revision of the tariff to meet the necessities which have arisen since the last revision, taking into account the interests of the consumer as well as the interests of the farmer, whose industry we have always regarded as the basic industry of this country, and the interests of the manufacturers in general. That policy I advocated before the general election, at a dinner given in the City of Quebec and at which the right hon. leader of the Opposition himself was a speaker. On that occasion, Sir, he applauded my declaration and made no such insinuations as those he made this evening.

"The hon. member for Marquette (Mr. Crerar) in his speech the other day, quoted from the Montreal Gazette certain remarks that I made at a dinner held in connection with a convention of the shoemakers of Canada. The hon. member seems to have based on my remarks a declaration tending to the increase of duties on shoes imported into Canada. I am surprised that he made such a discovery, and if he has the patience to read that speech—or re-read it, if he has not already done so—he will find that all I said may be summed up in the affirmation that it was the revision of the tariff of 1907 which gave to the shoe manufacturers of Canada the chief assistance to some 70,000 of our people—I reminded them that what they had of prosperity they owed to the Laurier-Fielding tariff policy.

### MEIGHEN'S SUSPICION

"The hon. leader of the Opposition, speaking on the railway question, endeavored to convey the impression that some mysterious power had inspired those hon. members who have expressed the opinion that they do not believe in state ownership. My right hon. friend has come out categorically in favor of the nationalization of our railways. His sincere in his views, I know; but why should he cast suspicion on those of his colleagues who do not share his opinion with regard to that matter. As the Prime Minister declared in his speech, there are on this side of the House, as there are on the other side, members who do not look upon state ownership or state operation of railways as practicable and profitable for the country. But we own our system of railways and the Government has decided to give the system a fair trial under the best possible conditions. But I cannot understand why my right hon. friend should suspect the good faith of the Government or of any of its members in that matter. The question is not one which concerns Montreal, Toronto, Winnipeg, Vancouver or any city in particular; it concerns Canada as a whole, and the solution which we seek is a solution which shall be satisfactory to the interests of our country generally.

"The right hon. leader of the Opposition has stated, and he has repeated the assertion several times, that his Government was defeated by the big interests of Montreal. The interests that defeated my right hon. friend's Government are the Liberals, Mr. Speaker, who voted to a man against the late administration and its followers, joined as they were by the majority of the Conservative electors of this country, who by their vote and through their newspapers declared that they did not believe in the Liberal-Conservative-National Government. The power which defeated the late administration was the will of the Canadian people.

### ORDERS IN COUNCIL

"Referring to the remarks of the hon. member for North Winnipeg (Mr Murray), who had declared that the time had come when we should have responsible Government in Canada, and should cease administering the public affairs by orders-in-council, the right hon. leader of the Government said: 'Every one of the orders-in-council that we passed were necessary for the good government of this country.' He went on to say, 'You have a new administration; you have already passed an order-in-council by which you deprive the Canadian Government of certain of its rights.' Mr. Speaker, there were many orders-in-council passed by the Government presided over by my right hon. friend, by which we deprived the Canadian Government of certain of its rights. Many of these orders-in-council were passed for the proper administration of our public affairs, in every case where such orders-in-council were necessary for the public good they declared illegal and ultra vires, and the Government was condemned.

"It is not an order-in-council of that kind that the Government of Canada has passed with regard to the administration of fisheries in the Province of Quebec. We have passed that order-in-council, Mr. Speaker, only to conform with a judgment of the Privy Council; and I wish to state here that in passing such an order-in-council the Federal Government has not abandoned an inch of its territory nor recognized a shadow of right in the favor of the Province of Quebec. My right hon. friend of the Opposition allows himself to be blinded by his bitterness against the City of Montreal, and against the Province of Quebec, and he is wrong in leading other Provinces of the Confederation to believe by that order-in-council the Government has granted a favor to the Province of Quebec, because that Province never asked for any favor, and never received any, from this Government.

"My right hon. friend ended his speech by asking my colleagues what had been the verdict of the last general election. I will be very frank, and I will tell him that I could not altogether analyze the vote which was cast at that election. It would be very, very difficult to find the determining vote; but there is one thing certain, that the people of Canada, by an immense majority, voted against the continuance in office of the Meighen Government, who suffered in that election such a defeat as no other government has experienced since Confederation.

### MEIGHEN CRITICISED

"As to my right hon. friend who leads the Opposition, I wish to be allowed to say that I admire his high attainments. He is a very eloquent speaker, he is a good fighter, but I regret to have to say that he is not a good loser. He now has the right place to learn. In his present seat he will have an opportunity to learn, and I hope that some day we will be in a position to say that he is as good a loser as he is a fighter.

"Another word, Mr. Speaker, before I resume my seat. My right hon. friend has taken pleasure, particular pleasure, in designating me as "the Master of the Administration." This is an old game which has been played before in this House by some of my right hon. friend's predecessors, and there is one thing I regret, it is that it is resorted to today not so much to annoy me, as to accentuate the unfortunate differences which have existed for too long between certain Provinces of the Confederation and the Province of Quebec. Mr. Speaker, the Liberal Party has one chief and one chief only. That chief is the Prime Minister of Canada, the present leader of this House. He has, and he can depend upon, the loyal support of all his colleagues, of each and every one of the Liberal members of this House, and of every Liberal in Canada.

"As for myself, Mr. Speaker, I am nothing but a man of good will. I hope that I will be long enough in this House to convince all my fellow-members, Conservatives and Progressives as well as Liberals, that I have only one ambition in coming here; it is simply to be permitted to serve my country in my own modest way, and to try and give full expression to that spirit towards which I have directed all the efforts of my life for twenty-five years in another field, the spirit of unity. Mr. Speaker, which is so necessary for the prosperity of our country and the happiness of our citizens."

There were prolonged Liberal cheers as Sir Lomer resumed his seat.

### LAURIER TARIFF

D. M. Kennedy (Progressive, Edmonton West), observed that Sir Lomer Gouin had told the House that the Government was going to give the country the Laurier tariff. Mr. Kennedy would be quite satisfied if that tariff were framed in the temper of

## ST. PATRICK'S DAY




Shall ancient feud and rankling hate
'Twixt kinsmen be perpetuate,
And this fair land of ours run red
With brothers' blood by brothers shed ?—

No; no; true patriots let us stand,
For Erin's fate is in our hand,
Finding in Love and Tolerance meed
More precious far than sect or creed !

—Geo. R. Ewing.

### HON. SIR LOMER GOUIN



Who made a notable speech in the House of Commons last night.

the cost whereas the tariff was only $3.00). It was estimated that half of the amount collected in duties was required to meet the cost of operating the tariff machinery. It took nearly $4.00 collected in duty to put $1.00 into the Federal treasury.

There was a great need of remedial farm legislation. Lower freight rates, lower duties on agricultural implements and a check on speculation in western grain were vital needs.

Mr. Carmichael said the "Merchants Bank scandal," which had caused the loss of millions of dollars should be investigated. The banking committee of the House or a special committee should be empowered to enquire into this and into banking conditions generally. He did not wish to venture an opinion as to the nationalization of banks, but thought this also should be investigated by the committee.

### PRAISES MEIGHEN

J. A. McKelvie, (Conservative, Yale) said the Minister of Justice had twisted the utterances of Mr. Meighen in order to find a basis for the charge that the leader of the Opposition had widened the division between the different parts of Canada. Not a single sentence could be quoted from Mr. Meighen to justify such a charge. Mr. McKelvie denied that Mr. Meighen's speech had shown him to be a bad loser, and he asserted that Mr. Meighen had the respect and affection of those who sat behind him. (Continuative cheers.)

Thomas Vien, (Liberal, Lotbiniere) —The remnant.

Mr. McKelvie—There is at times a remnant that is a saving remnant, the leaven that leavens the whole lump.

The Prime Minister had called the Conservative party Tories. The old crusted Tory was as dead as the dod; but Mr. McKelvie was proud to belong to the Liberal-Conservative party, which had made a great deal of history of Canada. He was a strong believer in adequate protection, both for industry and agriculture. His constituency was a concrete instance of the value of protection. In 1914-15 the apple business of British Columbia was in danger of destruction owing to United States competition. The case was laid before the Government of the day. The duty was raised. The industry was saved.

The national railroads were as an infant left upon a doorstep. But they would develop in health and strength. If they did not prosper, it would indicate that there might be some foundation for the allegations that the Government would not give them a fair trial.

If immigration was not carefully selected "our last condition would be worse than our first." The Doukhobor colony in the constituency of Yale was an example. These people should have been permitted to enter Canada and at their best they were "a pest and a nuisance."

Nine out of every twelve males in British Columbia was an Oriental. One former white fishing village on the Fraser river was now almost wholly Japanese. The East and the West could never meet in this respect, and if Japanese were absolutely barred in the future their natural increase would be sufficient to constitute a tremendous problem. It was necessary for the East to give British Columbia adequate assistance in guarding the western portals against the further influx of a class of people who could never be considered any-


## IN PARLIAMENT

### HOUSE OF COMMONS.

Debate continued by T. L. Church, (Conservative, North Toronto); Sir Lomer Gouin, (Liberal, Outremont); D. M. Kennedy, (Progressive, Edmonton W.); A. J. Lewis, (Progressive, Swift Current); A. M. Carmichael, (Progressive, Kindersley); J. A. McKelvie, (Conservative, Yale) and A. W. Neill, (Independent, Comox-Alberni).

### IN THE SENATE.

Sir George Foster moved for production of Order-in-Council appointing Hon. P. C. Larkin, High Commissioner in London; Senator Bradbury asked for information regarding Arctic Exploration; Senator McMeans gave notice of amendment to Criminal Code respecting appeals. Tributes to deceased Senators by party leaders.


thing but detrimental to the national life.

British Columbia also intended to interject herself into any conference dealing with the return of the control of the natural resources of the Prairie Provinces to those provinces.

The House adjourned till 3 p.m. today.

### BUSINESS IN SENATE.

OTTAWA, March 17.—(By Canadian Press).—In the Senate yesterday Sir George Foster asked for the production of Orders-in-Council appointing Hon. P. C. Larkin to the High Commissionership in London and designating his powers.

Senator Bradbury called the attention of the Government to the activities of the Danish explorer, Rasmussen, in the Canadian Arctic where he is said to be giving Danish names to various bays and capes in Canadian territory.

Senator McMeans gave notice of a bill to amend the Criminal Code providing for appeals in criminal cases.

Since the last session eight senators have been removed by death. They were Senators Power, Domville, Edwards, Nicholls, Crothers, Boyer, Beith and Milne. Senator Dandurand, Government leader and Sir James Lougheed, leader of the Opposition, paid eloquent tribute to the late senators, reviewing their political and business careers and expressing the sympathy of the House to their bereaved families.

The Senate adjourned until today.

### REPARATIONS AND CENSUS.

OTTAWA, March 17.—(By Canadian Press).—Senator R. F. Green has filed a question of the Ministry in the Senate asking if any payment has been received from the Canadian Government, through the British authorities from the German Reparation Commission, and if so, what the amount is. Senator Green also asks what amount is conceded to be due to Canada from that source.

Senator David asks whether the Government, before fixing representation of the provinces in the Dominion Parliament, will have the census corrected and rectified where it is presumed as established, that it has been improperly and irregularly made. Senator David also requests the approximate number of women inscribed on the electoral lists of the different provinces and the approximate number who voted.


The Paint for Brighter Homes is
RAMSAY'S
PAINT
"The Right Paint to Paint Right"
"ASK YOUR DEALER"

James Strachan
Try our
Galette au Beurre
Every Wednesday and Friday
Bakers to Royalty — City Hall Ave.

"BUY DIRECT FROM THE WHOLESALER"
SHEETING
See us first for Sheeting and Pillow Cotton. We can save you money. Standard lines, such as "Wabasso," "Spero" and "Dominion Textile" stocked by us and sold at commission prices. All widths—8/4 at 45¢, 9/4 at 60¢. Visit us today. Special for Saturday only, ten yards to a customer.
Silbro Textile Co. 2nd Floor, 152 Peel Street
One Block North of Windsor Hotel. Three Doors Below St. Catherine. Entrance Peel Street.
Open Daily 7:11 6 P.M.

CASH FOR YOUR BONDS
All kinds of Bonds, including Victory and Liberty Bonds, bought and sold for spot cash. H. L. Coombs Co., Ltd., Suite 510, 145 St. James St. M. 6186.

So Convenient—
Washington's
COFFEE
ORIGINATED BY MR. WASHINGTON IN 1909
NO COFFEE POT BOILING GROUNDS WAITING WASTE
Absolutely Pure Coffee. Delicious. Not a substitute. Most Economical.
Measure the cost by the cup —not by the size of the can.
G. WASHINGTON COFFEE REFINING COMPANY
522 Fifth Avenue, New York
Booklet free. Send 10c for special trial size.
MADE IN THE CUP AT THE TABLE

119154

O t t a w a.
May 5, 1928.

Mr. Thos. P. Mazurette,
4394 Montana St.,
Montreal, Que.

Dear Mr. Mazurette:

I duly received your letters--one undated and the other dated 4th May--together with enclosures. I am keeping these on my files in case I may be able to make use of them. However, the scope of the present investigation is, I fear, hardly wide enough to enable me to do so.

If you should desire me to return the material, please let me know.

Yours very truly,

AE/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119155

4394 Montana Street,
Montreal, May 4, 1938.

Honourable Senator Meighen,

Senate Building,

Canada,

Re: Investigation of purchase by a member of the Board of management of the C. N. R. of properties alleged to be need for the construction of the Central Terminal Station at Montreal, namely, E. R. Decary, as chairman of the Title Trust & Guarantee Co.

Honorable Sir:-

At this time, I deem it imperative to inject into discussion of the Joint Committee investigating the C.N.R., the purchase of the properties by E. R. Decary, the notorious Chairman of the Title Gurantee and Trust Co. of Montreal listed on the herein enclosed (5) page statement drawn up by myself indicating the Cad. No. of each property purchased, the City of Montreal valuation of such properties, and the prices paid for the same, most of the deeds of sale were drawn up on E. R. Decary's own notarial office known as Decary, Joron and Barlow , wnerein Decary made an frightful killing.

In most cases, Decary proceeded in the following manner.: Dr. Kennedy, a dentist who owned a dwelling on Dorchester Street was approached by Decary and told that if he obtained $40,000.00 for his property, would he give a $10,000 cheque for his service in the transaction, to which Dr. Kennedy assented. Then Dr.Kenndy give him a post dated cheque for $10,000. and then Decary bought his property at around $40,000. although such property was valued by the City of Montreal at $21,000.

In order to reveal the rascality of this man Decary, every person who sold proerty to the Decary clan, must be questioned judiciously in order to prouve the misconduct and breach of trust of Decary. By studying the statement in question carefully, you will be amazed at the difference in the Mun. Valuation and prices paid for each property listed therein.

You will also recall that in spite of the opposition of the City Council of Montreal, the Board of Railway Com. approved the plans of the C. T. Station at Montreal submitted by the C. N. R. management under Henry Thornton, who was not even an Engineer, but the greatest American fakir that ever came acres the border to double Cross the Canadian people, with the aid of the King Gouvernment.

Fullerton Hungerford are following the Henry Thorton's same programme of extravagance. Neither of these eaver earned the $35.000 they received and receive as salary.

In order to establish the purchase of a residence for the late Henry Thornton by Seguin, an employee of E. R. Decary, I supplied the late Dr. Peter McGibbon with all the deeds covering this shady transaction at a cost of over $14.00, which has never been reapid by the late Doctor.

You will also recall that Decary was appointed on the Board of Management of the C.N. R. by the late Walter Mitchell.

I may state that I am at your service for any further information I may be able to submit concerning the properties listed in the said statement.

Faithfully yours,
Thos. P. Magdrette

I also enclosed an affidavit signed by a number of persons

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119156

THE GRAVEYARD OF MILLIONS OF PRECIOUS CANADIAN DOLLARS,

OR

DOUBLE CROSSING CANADA IN TRUE SOUTHERN STYLE FOR A RETAINING FEE OF $75,000.00 PER YEAR.

THE PHOTOGRAPH REPRODUCED HEREWITH BY THE MONTREAL STAR SHOWS THE LOCATION OF THE CANADIAN NATIONAL RAILWAYS COMPANY'S MONTREAL TERMINALS SITE ,which has been excavated for the purpose of laying the foundation of the proposed terminal buildings. This excavation constitutes the largest cavity ever made for the foundation of a railway building in the world, in order to gratify the rapacious appetites of the financial gangsters concealed behind this railway organization, including Lord Atholstan, Ernest R. Decary, The President of the Title Guarantee & Trust Corp., etc.

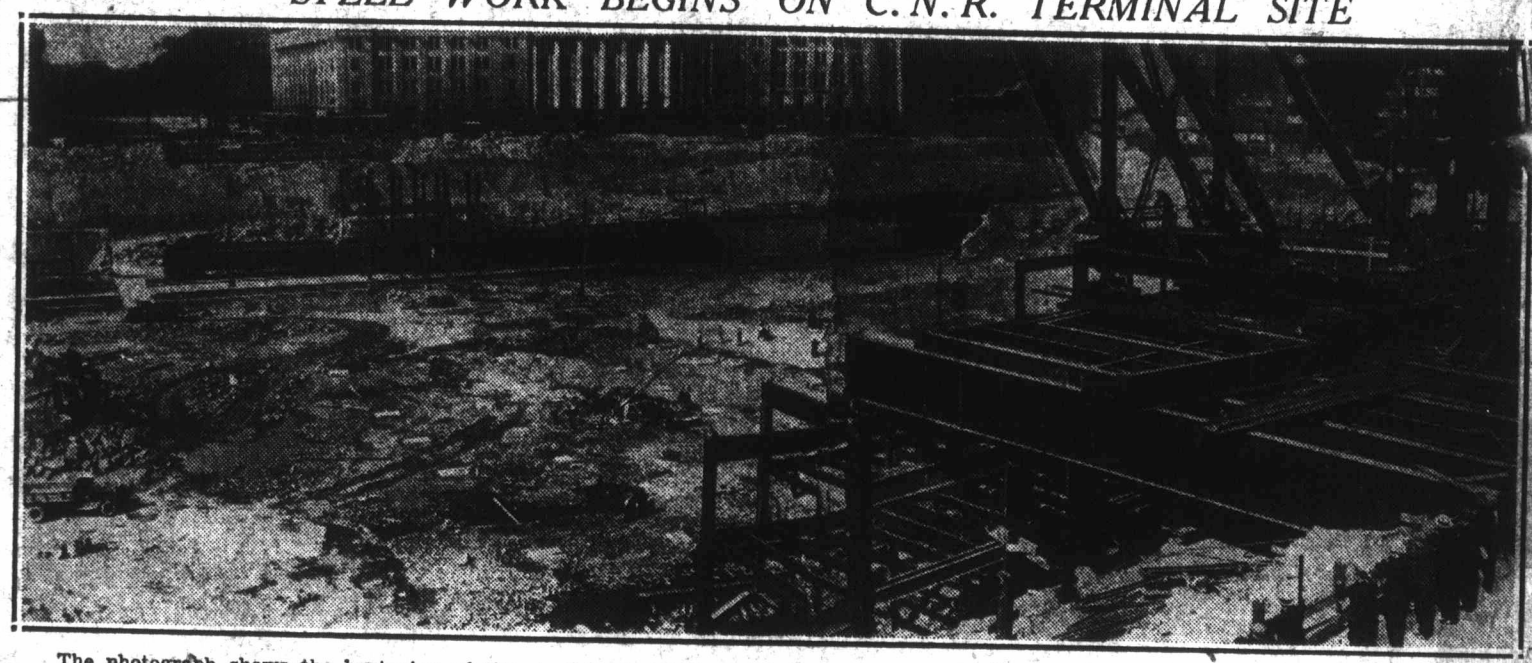
---

Montreal Daily Star

THE STAR'S
HArbour 5101
Connecting all Depts.

MONTREAL, THURSDAY, JUNE 18, 1931

## STEEL WORK BEGINS ON C.N.R. TERMINAL SITE



The photograph shows the beginning of the steel work which will bridge Dorchester street at the new Canadian National Railway terminal. The photograph was taken from the eastern side of the excavation on Dorchester street looking west toward the Sun Life Building. An electric train can be seen about to enter the tunnel from the Tunnel Station.

POLICE MAKE 27

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119157


# The Montreal Daily Star.

HArbour 5101 — Connecting all Depts.

Nights, Sundays and Holidays
Editorial Dept. HArbour 5114
Advertising Dept. HArbour 5113
Circulation " HArbour 5110

MONTREAL, MONDAY, MARCH 4, 1935 — R R — PRICE TWO CENTS


## Dealt ession

*Quarrel Over ers — Meeting tions*

tive Committee re- how and when they g this morning. Ald. being taken by the

*on Train rry Pros ew Cons*

And Some Leave Today — hange Plans

ot and away she'll pecial taxation con- from the Place o Quebec City and this afternoon. will carry Mayor ttalion of 31 alder- of Montreal who mething of a cheer- n the newly re- y re-written Mont- Finance Bill for taxes is presented bills committee of

n the train will parate groups of ill kiss when the n cheer. They'll ade battalion will ey don't like the ce Bill and the s and amalgama- f Montreal Gov- t implies. d not leaked out train leaving at would actually e opponents and bill. Yesterday the cities and zations opposed ked reservations ndeed had insist- compartment d in order that ue their caucus to do about e way to Que-

g it apparently f the delegations be something a trainload of eaving Montreal

ir reservations oved three ex- cars back into

fternoon's train al Council dele- e Montreal Pro- ; four from the one from La- he Retail Mer- and three from

e City of West- by tonight's from Verdun, School Commis- ner bodies in- new taxation tomorrow.

## IBERJACK AND COSTS

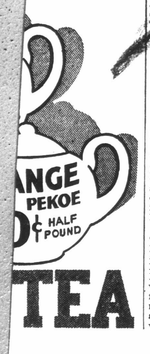
raiment of the d Girard, lumber- und guilty in Re- loitering by night, is taxi driver, and ge to Constable Recorder Plante sed to pay $5 and e or spend 15 days

his arrival here he have taken a taxi d at the end of the alled $5, refused to ere called on his al and Constables one appeared on the the melee which fol- re Dubuc's coat. He and in jail. the lumberjack visited k four policemen to

RESS CLUB

Club of Montreal will meeting in the Prince of the Windsor Hotel uncheon tomorrow.


TEAS
Sold Fresh by all Grocers





# QUEBEC TO CHECK AGENCY METHODS

## Taschereau Promises Swift Action on Alleged Collection Racket

A probe into alleged illegal activities of collection agencies, adjusters and ambulance chasers by provincial detectives has revealed deplorable conditions which should be immediately stopped and which will soon be remedied by adequate legislation, Premier Taschereau said in a brief interview at local Provincial Government offices today.

This action follows a request of the Montreal Bar Association, several delegates calling upon provincial authorities last week and requesting a stop to such conditions which are described by many as a costly "racket." Premier Taschereau is of the opinion that the adjusters' business needs adjusting, he stressed, in such a manner as to restrict operations to bona fide collection agencies.

**PROBE MADE**

"The delegation came to Quebec. The entire situation was well outlined. We decided to do our best to

(Continued on Page 11)

# C.N.R. DISCLAIMS ACT OF EXECUTIVE

## Residence of Late Sir Henry Thornton Again in Limelight

A transaction by which the Canadian National Railway Company provided for the late Sir Henry Thornton an official residence on Pine avenue, at one time the subject of an investigation by a special committee of the House of Commons, today came under the scrutiny of Mr. Justice de Lorimier in the Superior Court. Although the action concerns only a claim for two months' rent of the premises, the litigation involves also the wider issue of the legality of the transaction in which, it is claimed E. R. Decary, was a moving spirit, at a time when he was a director of the railway company.

The action is taken by the Montreal Trust Company, against the Canadian National Railway Company and Georges Henri Seguin, an employe in the office of Decary's notarial firm, mis-en-cause. In claiming the arrears of rent the Montreal Trust Company explained that when the purchase of the Beardmore property on Pine avenue was financed, it loaned to Seguin $185,000 for a term of 10 years, taking a first mortgage on the property. Also by the con-

(Continued on Page 11)

# COLLECTOR IS ROBBED OF $57.69 ON STREET

## Old Change Trick Worked Again

When Roger Rioux, a collector for the Dominions Stores branch at 200 Maplewood avenue, stopped to give a man change for a $1 on Deon street at 7 o'clock on Saturday evening, he was robbed of $57.69 by the man who stopped him. He has given a good description of the man to the police.

During the week-end in the absence of G. R. McColl, 4046 Gage road, for the week-end a burglar broke the glass in the back door and stole a watch and chain valued at $100, a gold cigarette holder valued at $100 and a $25 necklace.

Climbing a pole in the backyard of the home of J. D. Deauilleau, 1847 Dufresne street, a burglar broke the padlock on an adjacent shed and stole $200 worth of tools.

Edgar Jobin, 1487 St. Joseph boulevard, Apt. 3, reported to police that his front door was forced open and jewelry worth $155 was stolen.

## OFFERS RECEIVED FOR OLD STATION

Tenders were opened at the City Hall this morning for the leasing of the old No. 10 fire and police station on St. Catherine street, west of Guy street. Two bids were received, one by A. Fleming, who desires to turn it into an apartment building. He guarantees $15,000 worth of repairs, and will lease it for 20 years at $4,000 per year.

The other tenderer, H. Vineberg, Mornled Realty Co., offers a 20-year lease for a total sum of $81,000, payable $3,000 per year for the first five years, $3,600 the second five years, $4,200 and $5,400 for the two following periods. He seeks an option of purchase for $80,000 and guarantees $20,000 of repairs.

**ADVISES MORE PUBLICITY.**

HULL, England—(C. P.)—A vast publicity scheme during the King's Jubilee celebrations to accelerate trade recovery is advocated by Sir John Bilsus, who says every section of the state should embark on a radical advertising campaign.

# A HELPING HAND

To the Editor, The Daily Star:—

Sir,—Having for some time had intimate relations with several of the very worthy charity organizations of the City in their endeavours to mitigate the distress and suffering of many classes, I have been most favorably impressed by the wonderful devotion of the people who are supporting and carrying on our benevolent organizations, but it has seemed to me at times that a deserving class is being overlooked, not through cold indifference or hard-heartedness, but simply because they are restrained, perhaps by feelings of diffidence, from asserting themselves, preferring to struggle and suffer in silence.

Arising from these observations has come an urge to attempt to provide to some extent for some of the deficiency. Are there any young ladies who, not for pay but for the thrilling delight of helping to assuage grief and anxiety, would become voluntary almoners if they had a favorable opportunity? A certain amount of money will be supplied for work of this nature if the right kind of helpers can be secured,—those who would love it.

The editor of The Star, who has assured himself of the bonafides of this proposal, is willing to sponsor it to the extent of vouching for the respectability of the writer. If any young woman between 20 and 30 feels drawn to the proposal, she is asked to write in absolute confidence in care of The Montreal Star to

Yours Truly,
A HELPING HAND.

# BOOKS WITHHELD, WITNESS REPORTS

## Accountant Refused Access to Documents Sought in Smuggling Case

A chartered accountant of the firm of Price Waterhouse and Co. asked by the Crown to go to 1430 Peel St. and get from the books of companies there information wanted in connection with the Federal Government's $5,000,000 liquor smuggling case, came to court this afternoon and reported that he had been unable to get access to these books. He had approached Dave Costley, whom he understood to be custodian of these books, and the latter had refused him access to these books and refused to answer any questions "on advice of counsel."

Disclosing that the Mounted Police acted "within the limits of their rights", Judge Desmarais rejected objections raised last week by the defence to production of certain documents taken by the police from a safety box rented by F. S. Blair, one of the defendants.

**H. G. NORMAN CALLED**

As soon as the court resumed this afternoon H. G. Norman was called to the stand and asked by J. J. Penverne: I asked you last week to get certain information from the records of the companies you audited. Did you get that information?

A. I went to 1430 Peel street and asked for the records, but I did not see them.

Q. To whom did you speak? A. To Mr. David Costley.

Q. Why did you not see them? A. He told me that under advice from counsel he had nothing to say.

Q.—Is there anyone else who is custodian of these documents? A.—Not that I am aware of.

Q.—Who was working with Mr. Costley on the books? A.—I don't know, are you speaking of the past?

Q.—Yes. A.—I think Mr. Costley did practically all the work on those books.

Witness furnished the court with a list of the names of employes of

(Continued on Page 27)

# MAYOR THREATENS TO QUIT HIS JOB

## Says He Will Resign if Government Does Not Take Over Relief

"If we cannot balance the budget with the taxation now before the legislature, and put the burden of unemployment relief into the hands of the Federal Government, where it belongs, then I will resign," declared Mayor Camillien Houde today during a lengthy speech in defence of the city administration before the Canadian Club of Montreal in the Windsor Hotel.

The Mayor placed the issue as one purely of taxation to meet a devastating deficit, which he felt was the only normal way to reduce the rate of interest on the city's huge indebtedness. "If we do not get the taxation it means not only 8 and one-half millions but 26 millions per year, not because of over-expenditure but because the question of direct relief is not settled, and someone has to pay in the meantime," he said.

**GREAT DRAIN**

The great drain of direct relief should be borne by the Federal Government, he continued. "In Ottawa they have passed legislation about unemployment insurance, taking their authority from Geneva, and I think if they have to go to the League of Nations in consideration of unemployment problems they should look after direct relief before municipalities go bankrupt."

Terming the relief situation as "crucial," His Worship referred to Mr. Bennett's statement that no more direct relief would be given out by the Federal Government after March 31. Following the public works expenditures between 1930 and 1932 to relieve unemployment it was found that this method of relief was too expensive, and then provincial Premiers met and decided on the dole. "Now they are so uncertain

(Continued on Page 6)

# FIRE LIEUTENANT HURT IN FALL DURING BLAZE

## Week-end Was Busy For Firemen

A fire lieutenant was injured in a fall from a shed while fighting a fire Saturday evening. Two serious outbreaks yesterday and several calls for minor fires kept fire apparatus bouncing over rutted streets during the week-end.

Lieut. O. Decarie, No. 6 Station, suffered severe injuries to the back when he fell off the roof of a shed while playing a stream onto a fire in a vacant house at 3637 De Bullion street Saturday evening. He was treated at St. Luke's Hospital and returned to his home. He will be off duty for some days, doctors report. Considerable damage was caused by the fire, which started in a clothes closet and spread through two rooms.

A vacant flat at 272 Demontigny street was gutted by a fire of unknown origin, which resulted in six lower and nearby dwellings being damaged by fire, water or smoke, early yesterday morning. Firemen worked for three hours to bring the flames under control. Six families in flats at 272a, 270, 270a, 274, 268 and 278 Demontigny street were temporarily driven from their homes by fire or water. The fire, the cause of which is unknown, broke out in the empty third floor flat, shortly after 1 o'clock in the morning.

The kitchen of Murray's Restaurant, University Tower building, was slightly damaged by a fire that started from some blazing grease yesterday. When firemen arrived they found that building employes had two streams on the blaze and had practically extinguished it.

# *Grief Precedes Follies*

## *Someone Steals Musical Show's Receipts and Management Forced to Deny False Reports on Ticket Sale*

THE Ziegfeld Follies have come to town, but quite a lot of grief preceded them. And if there is any doubt about it, ask the manager of His Majesty's Theatre. Last week the rumor was spread around that no more tickets were available for tonight's performance—the opening night—and the management had to issue an advertisement referring to "Unprincipled gyps" who despite the vigilance of the management secured a few tickets, and thereupon circulated a "deliberate canard" thereby hoping to unload their tickets at exorbitant prices. And they further informed the public that there were good seats available today.

**SAFE ROBBED**

And then came the second grief. Somebody who knew how to get into the theatre, and also knew the combination of the safe in the manager's office entered the office and took $2,200 early Sunday.

He might have thought that smaller pickings than anticipated, or he may not have felt like lingering, but had he only opened the door of the inner safe he would have got at least as much again.

When Laurier Thomas, the manager, went down to the theatre at noon, things looked normal till he got into his own office, and then he saw that the safe door was open about a foot. He called up the police at 1.15 and told Lieutenant Parker of No. 10 station that the safe had been robbed, and the report of the police to detective headquarters was that "the place had apparently been entered by means of false keys and the safe was opened by using the combination, which was not forced."

Mr. Thomas stated this morning that the thief might have gained access through one window which was partly opened, but he was positive that the safe had been securely locked by the combination when the box office closed at 6 o'clock on Saturday night. William Adams, the night watchman told the police that when he made his final rounds at 6.15 there was nobody else in the building and everything was in good order.

This morning Detective Scallon and others from headquarters were at His Majesty's Theatre questioning employes and others, and searching for fingerprints.

The loss is covered by insurance, which is one bright spot in the affair.

# 'MeanestMan'Robs Charity Kitchen

MONTREAL'S meanest man apparently has not yet been brought to book, but the police are looking for him.

Today, he is richer by $44 in cash and $25 in cheques, as the result of a visit, by means of skeleton keys, to the Jewish charity kitchen, managed by P. Mahram, at Mount Royal avenue west, during Saturday night.

# Provincial Constable Dismissed And Faces Two Theft Charges

CONSTABLE Conrad Provencher, of the Provincial Police Force, who was arrested 10 days ago in provincial police headquarters on two charges of theft of money from seized slot machines and was later dismissed from the force, will appear in court tomorrow morning for preliminary hearing.

Constable Provencher, who was in charge of the information desk at provincial police headquarters, was arrested by Detectives Forest and Robert, who claim that they saw Provencher enter the storeroom where they were hidden each night for four nights and work on the slot machines. They claim that they finally arrested him on the fifth night when they caught him in the act of sneaking into the storeroom and going to one of the machines. The detectives had hidden themselves in the storeroom when they were placed in charge of the investigation by Captain of Detectives Lasnier after it was discovered that for some time money was disappearing from the slot machines seized in raids and kept in the storeroom.

Besides facing a charge of theft of the money from the machines, Provencher is also charged under section 381 of the Criminal Code, which reads: "Everyone is guilty of an indictable offence and liable to 14 years' imprisonment who, by means of any picklock, false key or other instrument steals anything from any receptacle for property locked or otherwise secured."

# *Sudden or Violent Deaths Total 10 Over Week-End*

## *Suicide, Accidents, and Shooting Victims Taken to Morgue — Elderly Couple Fatally Hurt*

TEN deaths—including a suicide; a husband and wife killed in an automobile accident; a woman shot by a jealous lover some days ago; a man fatally injured by a fallen tree; and four sudden deaths, occurred in the city over the week-end. The feature of this week's deaths, apart from being one more than that of a week ago, is that the additional suicide brings the total of this kind of death up to 16 for the past 30 days. Morgue authorities are much worried over the growing number of suicides, and a rumor has it that they intend appealing to city and church organizations to start a campaign to prevent such deaths.

**LIST OF VICTIMS**

Suicide, accident and natural death victims this week-end were:

Unknown man, about 40 years of age, who jumped from the Jacques Cartier Bridge into the river.

Mr. and Mrs. Benjamin Leduc, 78 and 73 years of age, respectively, killed in auto accident.

Mrs. Germaine Laurin, 30, maid at 4648 Park Avenue, shot by a lover, died.

George Barton, 29, Vankleek Hill, Ont., fatally injured when struck by a tree.

Odilon Desailliers, 69, Bossuet street, sudden death.

Felix Henrichon, 71, 3753 Courtrier street, sudden death.

Alice Crackford, 55, 759 Melrose avenue, sudden death.

Frederick E. Harvey, 84, 5141 Notre Dame street east, sudden death.

A harbor policeman and a bridge watchman, saw the unknown man climb up on the railing of Jacques Cartier bridge at 7.40 o'clock last

(Continued on Page 11)

# BOY SCOUTS' DRIVE NEAR COMPLETION

## 97 Per Cent of Objective Reported by Workers to Headquarters

Officials of the Boy Scout "Welcome Baden-Powell" campaign announced that the campaign total had reached $126,195 this morning, or 97 per cent of the objective of $130,000. Further returns are expected during the afternoon, and these will be included in the total to be announced at the closing meeting of team members and Scout officials which will be held at 6.30 this evening in the Windsor Hotel.

W. J. Thistlethwaite and the teams committee have been busy over the week-end urging team captains to complete their reports so that all collections will be in the hands of the campaign staff at Scout Headquarters well before the time of the meeting. An appeal has also been made to members of the special names committee to complete their returns to H. J. Evennett, secretary of the committee, at the head office of the Royal Bank of Canada. Campaign officials state that they desire the canvass to close definitely by tonight.

R. C. Stevenson, chairman of the campaign committee announced that a subscription of $5,000 had been received from Lord Atholstan. He stated that with this and other subscriptions which were coming into headquarters, and with the last minute efforts which he knew the team members were making, he felt confident that the objective would be attained.

**ADDITIONAL CONTRIBUTIONS**

Additional contributions have been received as follows: Sun Life Assurance Company of Canada, $5,000; Dominion Bridge Company, Ltd.,

(Continued on Page 11)

## CITY ITEMS

LECTURERS at the Temple Emanu-El College of Jewish Studies tonight will be Ernst Newmann, well known local artist, who will speak on "Jews in Art." Mordecai Mendelsohn will give Hebrew Instruction. Miss Emma Goldman will speak on "Crime and Punishment."

* * *

"GILBERT AND Sullivan: Mostly Gilbert," is the title of a paper to be given before his fellow-members of the St. James Literary Society tomorrow evening, by J. A. McNeil. The meeting, to be held in the Engineering Institute, 2050 Mansfield street, will open at 8.15 o'clock.

* * *

"CANADA'S NICKEL" will be the subject of a talk by C. E. Macdonald, manager, International Nickel Company of Canada, Limited, Toronto, at the luncheon of the Electrical Club of Montreal to be held in the Queen's Hotel, March 6, at 12.45 p.m.

* * *

THE ANNUAL meeting of the Art Association of Montreal will take place Friday afternoon at 5 o'clock in the galleries. The presentation of the annual report of the election of officers and council will form part of the business.

* * *

LLOYD ALMOND, C.C.F. candidate in Mount Royal Division, will address the Young Socialists' League on "The Necessity of the C.C.F." at 4899 St. Lawrence boulevard, tomorrow evening at 8.15 o'clock.

* * *

E. L. SCOTT, traffic superintendent, Canadian Pacific Telegraphs, will address the Advertising Club of Montreal at the weekly luncheon to be held at 12.30 next Wednesday in the Mount Royal Hotel.

* * *

THIS WEEK'S meeting of the L'Idee Conservatrice at the Confederation Club Wednesday evening will be addressed by Mayor Leo Papin, president of L'Idee Conservatrice of Vercheres district, on "The Work of a Chief."

* * *

"CANADA AND THE League of Nations" is the subject on which Brooke Claxton will address the Rotary Club of Westmount at Victoria Hall Wednesday noon.

* * *

THE THIRD annual Loyola "Jug," conducted by the Loyola Alumni Association, will be held tonight in the Marigold Room of the Corona Hotel, at 9 o'clock.

* * *

M. BUHAY will discuss the "Fundamentals of Scientific Socialism" at 8:30 this evening at 4099 Esplanade avenue.

* * *

THE BURGOYNE Spoke Club will hold the preliminaries of their oratorical contest tomorrow.

* * *

THE ROSEMOUNT Aquarium Society will meet at 3208 Dandurand street on Wednesday.

## LATE REAL ESTATE SALES

Mrs. J. E. Baillargeon sold to W. Grondines lot No. 269-1, Ahuntsic ward, with buildings 201 Gouin boulevard, for $8,000.

G. Lazure, et al., sold to Les Proprietes Immobilieres, Inc., lot No. 1-424—Maisonneuve ward, with buildings 564 to 568 Visu street, for $3,250.

W. Gingras sold to Mrs. J. O. Mousseau lot No. 2643-2382, Villeray ward, with buildings 8538, 8540 Henri Julien street, for $3,000.

H. Lagace sold to J. A. Gagner lot No. 1a-13, Maisonneuve ward, with buildings 526, 528 St. Clement street, for $3,000.

J. Major sold to W. H. Mills lots Nos. 3405-818, 819, City of Verdun, with buildings 3951 LeSage street, for $2,000.

C. Marcotte sold to H. Bloom part of lot No. 926 St. Louis ward, with buildings 3961, 3963 De Bullion street, for $1,000.

# BUILDING TRADES PROTEST ACTION

## Delegates See Deputy-Minister About Labor Agreements Act

The building trades acted independently today to plead before the Deputy Minister of Labor in the Government offices here against the shelving of the new Collective Labor Agreements Act.

Dissatisfied with the reception which they received from Premier Taschereau, with scores of other crafts in the recent conference at Quebec, union chiefs and officials of the Montreal Builders Exchange met Gerard Tremblay, deputy minister, this morning to ask that at least some of their proposals for putting "teeth into the Act," be retained.

Mr. Tremblay was told that if the Provincial Government could not see fit to impose penalties for violators of codes set under the Act, some steps might be taken to penalize those companies which refused to open their books for inspection by the joint committee.

**OPEN RECORDS**

The charge has been made that such companies not only fail to pay the required rates but fight any attempt by union chiefs to find out how little their employes are being paid. The Act, it was claimed, specifies that such records should be open for inspection by the joint committees, so that offenders can be sued in court for the return of whatever money has been kept back from the men.

Many companies have stubbornly refused to hand over these records and have threatened to carry their

(Continued on Page 11)


MODERNITY PLUS

Describes these smartest of English Bags rushed across the seas by our buyers . . . to enable us to be first to offer Spring's earliest fancies in bags.

Birks

"CONVERT YOUR OLD GOLD INTO CASH"

VALUE COMES FROM QUALITY NOT FROM PRICE

Whether you spend fifty cents or a thousand dollars in the Henderson store, you will get full value for every cent of your money.

John Henderson & Co.
Furriers, Milliners and Men's Outfitters since 1834.
St. Catherine Street at Stanley

'POM' Bread Improves the Meal

'Eat an extra slice of bread each day—*It's good for you!*

*We deliver by green Pom-mobiles only.*
*At the Store, or at Your Door,*
*Look for Our Name on the Wrapper and Tickets*

HARRISON POM BROTHERS
St. Catherine St. West —at the Glen
LIMITED 'Phone WE. 3623

Edwardsburg
CROWN BRAND
*The Leading*
CORN SYRUP
2 lb
"THE FAMOUS ENERGY FOOD"
*A product of* The CANADA STARCH CO., Limited
Listen in to "SYRUP SYMPHONIES" Broadcast every Monday, 8 to 8.30 p.m., E.S.T.

*"Quality Our Watchword" — Eat Gatehouse Foods for Health!*



GATEHOUSE suggestions for Ash Wednesday

FRESH SALMON

| | | |
|---|---|---|
| Fillets of Sole | Fancy Smelts | Haddock Roes |
| Fresh Dore | Fresh Scallops | Winnipeg Gold |
| Fresh Lake Trout | Gatehouse Home-Cured Finnan Haddies | Eyes |
| Fresh Whitefish | Striped Bass | Mackerel |
| Fillets of Haddock | Sea Bass | Fresh Roe Shad |
| Fish Cakes | | Tommy Cods |
| | | Lobsters |

*CANADIAN FINEST P.E.I. OYSTERS, by the Basket, 75c.*
*Oysters on ½-Shell, delivered on are, 50c doz.*
*Please 'phone your order TUESDAY for EARLY Ash Wednesday Delivery.*

PLateau 8121
HENRY GATEHOUSE & SON INC.



PUBLIC ARCHIVES PUBLIQUES CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES PUBLIQUES CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)



# OLD JUDGMENTS QUOTED IN COURT

## Jurisprudence Heard in Markus-Chernoff Case

Two old pieces of jurisprudence laid down by the Bench of England in 1841 and 1871, but which had obviously been overlooked by the Appeal Courts of this country and province figured in the argument advanced before Judge Desmarais today as to whether Louis Markus and Samuel Chernoff should be committed for voluntary statement on charges of conspiring to possess illicit alcohol and by it to defraud the Canadian Government out of $250,000 in excise taxes. Argument will be continued Thursday. The Government will not prosecute the two on a charge of conspiracy to smuggle alcohol into the country. James Crankshaw, of Government counsel, stated in announcing the withdrawal of this count.

It was while Lucien Gendron, K.C., counsel for Chernoff, was arguing the question of the merging of the offences that he produced the old authors to give weight to his attack on the prosecution's procedure in confounding conspiracy with what he termed the substantive offences. He admitted that the judgments were of rather ancient vintage, but they still held, he contended.

**OVERLOOKED BY COURT**

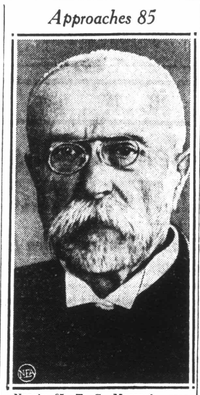
Answering this, Mr. Crankshaw remarked "that this old jurisprudence had evidently been overlooked by the Appeal Court in some of its recent decisions, notably in the Harry Davis case wherein the tribunal had defined conspiracy and took it that the substantive offences could be proved simultaneously. Separate acts done by separate people, if they led to a single conclusion, constituted conspiracy, he argued, and it was not necessary to show that the parties had ever met one another, for it was known that sometimes conspirators never met. If a hypothesis of innocence was shown at the trial, then it was for the jury to decide whether or not the accused was guilty, but if no hypothesis of innocence existed, then the only verdict could be guilty.

Peter Bercovitch, K.C., argued that there was no evidence tending to link his client, Markus, with the conspiracy. It was not even shown by the prosecution that the liquor had been illegally imported nor was there anything apart from a few coincidences to show that he was in concert with others. He should only be sent for trial if the court finds that his acts were inconsistent with any other rational conclusion.

## INFORMATION ASKED ABOUT DISMISSALS

TORONTO, March 4—(C.P.)—The Conservative Opposition in the Ontario Legislature has questioned the Government upon the dismissal of 12 additional Ontario Magistrates. In each case the questions ask name of the successor to each magistrate, his salary and travelling expenses.

*Approaches 85*



Nearly 85, T. G. Masaryk, president of Czecho-Slovakia, actively controls the Government of his people. This new portrait, shows him clear-eyed and vigorous though gray. His birthday will be celebrated March 7.

## CZECHOSLOVAKS PAY PRESIDENT HONOR

More than 600 Czechoslovaks gathered in Bonsecours Hall yesterday to honor President Thomas Masaryk, who, on March 7, celebrates his 85th birthday. The octogenarian president of Czechoslovakia was the object of praise from Dr. F. Pavlasek, Czechoslovak consul-general, who spoke in his own tongue to his compatriots.

A speech was also made by Dr. William Caldwell, Professor Emeritus of McGill University, who is a personal friend of President Masaryk. Father Felix Felicko, priest of the Czechoslovak colony in Montreal, also spoke. Jan Villin presided.

## ACCUSED OF THEFT OF VICTORY BONDS

TORONTO, March 4—(C.P.)—John Nelles Neville appeared in court here today before Magistrate J. E. Jones on a seven-year-old warrant involving Victory Bonds valued at $4,000 and was remanded until March 11.

Neville was arrested in Windsor last week, charged with the theft of four $1,000 bonds from Prof. Wasteneyes, of the University of Toronto.

**ATTEND BALL**

More than 600 guests attended the first annual garrison sergeants ball held in the Grenadier Guards armory, Saturday night, under the patronage of the district officer commanding, Brigadier W. P. Gibsone, C.M.G., D.S.O., O.B.E.




**BETTY LOU**
presents its ever-popular
**Oil Permanent Wave**
SPECIAL $1.88 Regular $3.00

All Permanents include Shampoo, Hair Trim and Finger Wave.

New pads used on every head.

All work under the expert supervision of Mr. and Mrs. C. H. Allen.

Every Permanent guaranteed for 6 months

Now located at 537A St. Catherine St. W. (3 Doors East of Morgan's)

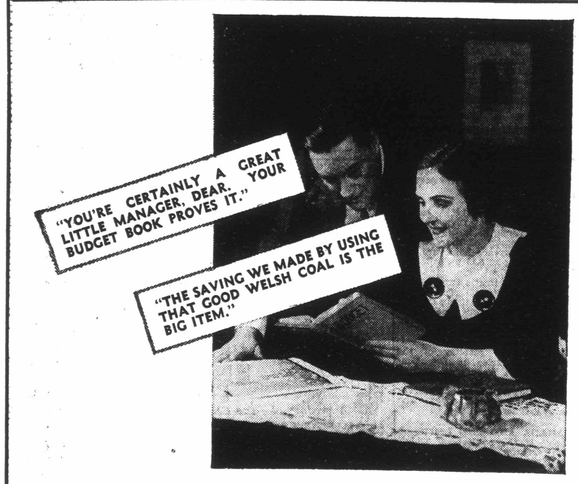
AND — for the first time in Montreal history — Genuine Oil Permanent Regular $15.00 SPECIAL $5.95
EUGENE Includes Free Mar-o-Oil Treatment on all heads.

FINALLY—the New Sensational Betty Lou "Charmino!" Steam - Oil Permanent Wave Regular $7.50 SPECIAL $3.95

With or without appointment. 'Phone PLateau 2516

Betty Lou






Genuine Welsh Anthracite Coal assures you clean, steady heat with a minimum of ash... long burning, easily regulated and labour saving. The best sizes for home heating are Welsh Cobbles and Welsh French Nuts.

WELSH Anthracite COAL
BRITISH COAL CORPORATION
FOR DOMESTIC HEATING - *Insist on* WELSH COBBLES *or* FRENCH NUTS


# DEPUTATION HEARD ON CENTRAL BANK

## Bankers Consult Rhodes About Giving Up Gold at $20.67 An Ounce

OTTAWA, March 4—(C.P.)—Representatives of all the chartered banks and of the Canadian Bankers' Association were conferring today with Hon. E. N. Rhodes, Minister of Finance on matters associated with the relations between the Government and the banks particularly with reference to the establishment of the Bank of Canada.

It was understood that the chartered bank officials sought the interview for the particular purpose of discussing the provision in the Bank of Canada statute which will oblige them to hand over their gold reserves within the next few weeks at the normal price of $20.67 a nounce.

The Bank of Canada will open for business within a fortnight, possibly on Monday next, and according to the statute the chartered banks are required immediately thereafter to deliver their gold reserves to the central institution. The act says that they shall receive no benefit from the current appreciated value on gold.

No official information was available but it was understood that the conference covered the gold question in general and touched also on the withdrawal of note issue privileges enjoyed by the chartered banks. The Bank of Canada will gradually assume the sole power of issue and the chartered banks notes will be withdrawn from circulation gradually over a period of 10 years.

# MRS. STOTLAND FOUND GUILTY OF PERJURY

## Will Be Sentenced March 12

When Ruth Rudnikoff, wife of Hyman Stotland, swore at her husband's trial for assault that she was in Ste. Agathe des Monts on the night of August 22-23, 1933, she was not telling the truth.

Such was the decision reached by Chief Judge Perrault today in a judgment declaring her guilty of committing perjury at Stotland's hearing in answer to a charge of assaulting Jean Rudnikoff, her sister. At the same time Judge Perrault dismissed the conspiracy charge against her, contending the Crown had failed to produce proof to substantiate the second accusation.

At the request of Rene Gauthier, attorney for Mrs. Stotland, Judge Perrault postponed sentence until March 12. The accused was ordered to post a bond for $500 to insure her appearance before the court on that date.

Judge Perrault also announced that the trials of Jean Rudnikoff, sister of the accused, and Ethel Pernett, who are facing similar accusations in connection with the same case, will open March 26.

At the Stotland assault trial, heard by Judge Monet on November 8, 1933, and subsequently dismissed, His Honor stated that evidence was produced in an attempt to show that Hyman Stotland had assaulted Jean Rudnikoff, sister of the present accused, in an uptown hotel. Stotland, however, contented the woman he struck was his wife, Ruth Rudnikoff. Ruth Rudnikoff, on her part, contended she was not in Montreal on the night in question, having left the city late in the afternoon of August 22 by car. During the present trial she stated she had gone to Ste. Agathe des Monts by bus and produced nine witnesses in an effort to prove her contention.

Mrs. Stotland also denied emphatically she had ever gone with a man known as Morris.

## COURT RECORD

**Superior Court.**
**Practice Division.**
**March 4, 1935.**
**Presiding: Mr. Justice Curran.**

The following Judgments were rendered:

A. Dagenais vs. C. Cagne and Dame E. Millette. Judgment dismissing petition to fix value of services.

Dame Gilberte Trudel et al. vs. Pierce Corporation. Judgment maintaining inscription in law.

A. E. Allard et al. vs. A. Methot. Judgment dismissing motion to revise bill of costs.

E. Vaillancourt vs. N. Lamer. Exception to the form maintained for costs only.

Standard Cab Association, Ltd., vs. A. Audette. Judgment for $127.55.

Dame E. Page vs. Heirs of late G. Parr et al. Judgment granting petition for sequestration.

A. Dagenais vs. J. H. Taupier. Judgment maintaining rule for costs only.

Dame Marie Anne Houde vs. Camille Dumont. Judgment authoriaing examination before plea.

D. Lessard vs. B. Therrien et al. and J. Therrien, opposant. Judgment dismissing opposition, with costs.

Blanche Pelletier vs. G. Lemieux. Motion for rule maintained, with costs.

National Publix Finance Corporation vs. H. Taffert et al. and Hy Co. Fur Co., Ltd. Judgment ordering garnishee to declare, with costs against defendant.

Benny Slodovnick vs. Credit Foncier Franco-Canadien. Judgment dismissing petition for moratorium, with costs.

R. Vinet et al. vs. Leo Chartier. Judgment granting petition to correct clerical error.

John Alderson vs. J. Donat Langelier, Ltee. Judgment ordering to file documents.

Michael Homlenock et al. vs. Montreal Mechanical Maintenance Reg'd. Judgment relieving defendant of his default to plead.

Dame J. Lecours vs. J. P. A. Cinq Mars and Lucien Favreau. Judgment declaring seizure binding.

Acme Sales & Specialty Company, Ltd., vs. J. A. Leger. Judgment authorizing to sell en bloc.

G. Wilson vs. William Harrison, and A. Senecal et al.—Judgment declaring seizure binding.

A. Rosenberg vs. H. Schleien.—Judgment granting motion for peremption without costs.

A. Lukian vs. Montreal Tramways Company.—Judgment ordering medical examination of plaintiff before plea.

A. Lukian vs. Montreal Tramways Company.—Judgment ordering examination of plaintiff before plea.

Dame M. E. Blanchard vs. C. Ley. — Judgment declaring articulated facts pro confessis.

J. Frechette vs. J. E. Smith, and Sam Bloom and C. A. Gagnon, and Dame E. Kutzman, opposant.—Judgment ordering the examination of opposant.

J. Adamic vs. Leo Hymer, and J. Fianz et al.—Judgment authorizing to contest declaration of garnishee.

H. Lamoureux vs. J. N. Theberge. — Judgment granting motion to joint cases, costs to follow.

Provincial Loan & Discount Association vs. I. Levine et al., and Sarah Elscovitch et al., and National Publix Finance Corporation.—Judgment ordering garnishee to declare.

Dame M. Fulhaber et vir. vs. Antoinette Bergeron.—Judgment authorizing medical examination before plea.

H. P. Pelletier vs. N. A. Yanakis. — Judgment authorizing medical examination before plea.

M. G. Birmingham vs. Granite Fire Insurance Company.—Judgment granting motion for substitution without costs.

H. Legault vs. Diamond Truck Co., Ltd. et al.—Judgment authorizing examination before plea.

Dame M. W. Stewart et al. vs. W. B. Balkie et al., and T. Brassard es qual. m.c.—Judgment maintaining an hypothecary action for $5,913.06.

# U.S. INCOME TAX AGENT IS IN CITY

Cornelius J. Murphy, United States Internal Revenue Agent under the Collector of Inland Revenue at Boston, Mass., is making his annual visit to Montreal. Mr. Murphy will be here for two weeks at the office at the United States Consulate General, Hon. Wesley Frost, in the Castle Building, Stanley and St. Catherine streets. Every year on March 1 Mr. Murphy, or a co-worker in the Boston office, comes to Montreal to help those liable to income tax in United States.

Last year, Mr. Murphy interviewed about 100 people in his office, gave 50 other brief interviews, and answered more than 50 telephone inquiries.

# RINTELEN AGGRESSIVE AT TRIAL FOR TREASON

## Accuses Chancellor of Fearing Interview

VIENNA, March 4—(A.P.)—Dr. Anton Rintelen, who was "unable to remember" Saturday, was in an aggressive mood today when his courtmartial for alleged complicity in last July's putsch was resumed.

He accused Chancellor von Schuschnigg and other Government officials of fearing to face him and to make charges against him personally.

He declared von Schuschnigg had given him an urgent invitation to confer but after a brief discussion had asked him to wait in an anteroom.

"Von Schuschnigg then simply disappeared," said Dr. Rintelen. "Neither he nor any other Cabinet member personally accused me before my arrest."

After the Nazi putsch of last July, during which former Chancellor Dollfuss was slain, Rintelen was seriously wounded by a revolver shot. He said today that he did not intend to commit suicide, for if such had been his intention he could have fired a second shot and killed himself.

# SAYS BRITAIN TO LEAD WORLD IN CHANGES

## Former Labor M.P. Talks of Economic Situation

HALIFAX, March 4—(C.P.)—Great Britain is the country that will eventually bring about further changes in the world economic system, and these changes will be based purely on an appeal to public reason, J. F. Henderson, former Labor member in the British House of Commons, declared aboard the liner Alaunia over the week-end.

En route to England, Mr. Henderson said that he noticed many changes in Canada and the United States since the early days of Socialism in Great Britain. A Socialist for 34 years, he refused any comment on the general election pending in the Old Country, but made a casual mention of the sweeping gains that his party had made in civic elections.

## C. W. CASGRAIN, HURT BY AUTO, IMPROVES

DETROIT, March 4 — (C.P.)—A slight improvement was reported today in the condition of Charles W. Casgrain, son of the late Senator C. W. Casgrain who is in a serious condition in a hospital here as a result of being struck by a street car on Friday. Mr. Casgrain, 75 years old, was born in Windsor, but has lived in Detroit for more than 50 years.

He is a first cousin of Sen. J. P. B. Casgrain.

## $30,000 FIRE LOSS AT CAMPBELL'S BAY

CAMPBELL'S BAY, Que., March 4 — (C.P.)—Fire early today caused damage estimated at $30,000, sweeping through a brick business block owned by T. H. Mousseau.

Firemen fought the blaze for more than three hours before getting it under control. Fireman Rene Gauthier suffered a severe cut on his left hand when he was struck by a piece of falling glass.

# SUICIDE EPIDEMIC BY AIR INCREASES

## Young Unemployed Man Leaps From Plane at Toronto

TORONTO, March 4 — (C.P.) — With the body of James C. Grant, 22-year-old son of a western Canada bank manager, lying in an undertaker's mortuary in North York Township today, latest to end his life by means of a leap from an airplane in flight, authorities here wondered desperately how far-reaching would be the sensational precedent established by two English girls several weeks ago.

Since the Dubois sisters, daughters of the United States Consul at Naples, broken-hearted over the death a week previous of their Royal Flying Corps sweethearts in a crash in Italy, had chartered a plane and killed themselves in a drop to English earth, three others have followed suit. Grant's suicide was the only one in Canada.

Grant, depressed because he had lost his job a few weeks ago, was the fifth.

He went to the headquarters of National Air Transport, Barker Field just north of Toronto, Saturday afternoon and asked for a "refresher" flight. Grant had obtained his pilot's license two years ago while a member of the Toronto Flying Club.

Accompanied by Flight-Lieutenant G. Ralph Spadbrow, he took off, did some climbing turns and other manoeuvres, then, without a warning, handed some letters and his purse and pilot's license to Spadbrow, and leaped to his death.

Spadbrow did not know Grant was out of the cockpit and standing on one of the wings until the moment before he leaped. With a wave of one arm and a smile, the young man disappeared. His crumpled body was found on the ground, half a mile east of Barket airport.

One of the letters Grant left with Spadbrow absolved the flight-lieutenant from any responsibility for his death. The other was to a relative here with whom he had been living, intimating he was despondent over unemployment.

The young man was a son of F. C. Grant, manager of the Bank of Commerce branch at Nanaimo, British Columbia.

# DAY SHELTER PROMOTER CHARGED WITH FRAUD

## Allegation Denied by Accused in Court

E. J. Lincoln, former American who appeared in the police court today before Judge Tetreau on a charge of obtaining $1,000 from persons unknown by false pretenses, claims that his efforts to aid the unemployed of Montreal have led him into court through a mistake.

Police claim that Lincoln was trying to obtain money by false pretenses through letters mailed to various Montrealers for donations for a day shelter, which, they say, he did not have.

Lincoln, however, claims that three months ago he acquired the old Morgue building on Craig street and proceeded to turn it into a day shelter for unemployed men, who are turned out of the night shelters at 7 o'clock in the mornings.

He claims he had the place going for two months before inspectors arrived and closed the building on the grounds that it was unsafe and that he would have to do $10,000 worth of repairs before he could continue.

Accused contends that he then visited Mayor Houde, Alderman Savignac, chairman of the Executive Committee, Albert Chevalier, superintendent of public assistance, and other interested to obtain permission to make the repairs and continue with his project. He says he was told he could go ahead if he could form a responsible committee, which he did.

Lincoln claims that it was then he proceeded to write 7,500 letters asking for donations for the project. He says that only 200 of these letters had been mailed, the police seized the remainder, and he had actually only received $50.

Police claim that in these letters Lincoln was asking for donations for "continuation of the day shelter," and that he could not and did not intend to continue the shelter, thereby obtaining the money by false pretenses.

He was remanded by Judge Tetreau to March 12 for enquete, and was sent back to detective headquarters for three days on verbal remand.

# LAST TRIBUTE IS PAID TO MARCIL LAVERDURE

## Funeral Held of Late City Detective

Requiem mass was sung in the Church of St. Jean Berchmans this morning for the late Marcil Laverdure, at one time a sergeant-detective in the city police department. The service was taken by Rev. Oscar Valiquette, chaplain to the fire department. Present at the funeral were 100 detectives under the command of Inspector Brodeur and 40 uniformed constables under Capt. T. E. Caron. The band of the 65th Regiment under Bandmaster Goulet was also present.

Among those who attended the service were Deputy Director Barnes, Inspectors Maranda, Lefebvre, Desrosiers and Lawton, Captains-Detective I. Pelletier, J. A. Tourville and T. Sevigny, Lieuts.-Detective Morin, Bourdon and Francoeur. Representatives of the investigation department of the Canadian Pacific Railway and of the Harbor police were also present.

The pall-bearers were Sergts.-Detective Lapierre, Pasmore, Des Ormeau, Poirrier, Laroche and Monchant.

## OVER $100,000,000 SUITS LOST BY FOX

WASHINGTON, March 4—(A.P.)—A double defeat was suffered today by William Fox in United States Supreme Court in the invalidation of talking picture patents upon which he sought to collect more than $100,000,000.

It declared invalid patents for making and developing separate picture and sound films and then printing them on a single film, as well as patents on a projecting machine for exhibiting the films.

**SAVED HER CHILDREN.**

LONDON — When eight bales of wool fell off a lorry a mother snatched her six-weeks-old baby from its perambulator, and dragged a four-year-old child to safety. The mother was injured by one of the bales and the perambulator smashed.

# WOMAN IS HELD IN B.C. SHOOTING

VANCOUVER, March 4 — (C.P.) — Eldred Brown, 29, is in hospital today recovering from a bullet wound in the breast which he said he received when a small automatic pistol he was cleaning accidentally discharged, but police, unable to find the weapon, have started an investigation.

A woman, police said, who had been living with Brown in his East Hastings apartment, is being held for investigation. The woman, police, said, told them a stranger came into the suite and took the gun while she was calling a doctor. Police said, however, that another tenant of the building, who denied all knowledge of the gun, had called the doctor.

# YOUTH PLEADS GUILTY SHOPLIFTING CHARGE

## Companion Held For Trial in Case

Marcel Ethier, 19, who gave his address as 1071 St. Lawrence boulevard, pleaded guilty when he was arraigned before Judge Tetreau in police court today on a charge of shoplifting in an uptown department store, but his alleged companion, Gerard Bouchard, 21, who gave his address as 1059 DeBullion street, pleaded not guilty to a similar charge.

Both were remanded to March 7, Ethier for sentence, and Bouchard for trial.

John Patterson, 17, who gave his address as 2011 Richardson street, was remanded to March 6 for sentence on a charge of burglary to which he pleaded guilty.

Lionel Merrifield, 33, who gave his address as 987 St. James street, will be tried on March 7 on a charge of having a gun in his possession illegally.

# PIONEER RESIDENT OF SOUTH SHORE IS DEAD

## Arthur Rochon Was in 70th Year

The funeral will take place at St. Lambert Parish Church at 9 o'clock tomorrow morning, of Arthur Rochon, 69, former mayor and alderman of Montreal South and one of that town's founders, who died suddenly at his home, 116 St. Denis street, St. Lambert, yesterday.

He had a lifelong association with the clothing trade and, as one of the outstanding designers of the Montreal district, attended a large number of trade conventions both in Canada and the United States. He was at work as usual on Saturday morning.

He was a member of the Canadian Order of Foresters and of the St. Jean Baptiste Society. He is survived by his wife, formerly Aslda Parent; a son, Gerard; two daughters, Mrs. Z. Vadeboncoeur and Mrs. C. Vezina; three stepsons: Jean, Fernand and Dr. Roland Achim; and a brother, Oscar Rochon. Another brother, Ernest, predeceased him six weeks ago.

## MOTHER OF 20 DIES IN HALIFAX AGED 38

HALIFAX, March 4—(C.P.)—Mrs. Veronica Birkey, mother of 20 children, was dead here today in her 38th year. Married when only 15 years old, she had eight children by her first husband and 12 by her second. Only nine survive.

**MORE BODIES FOUND**

CASTRIES, St. Lucia, March 4 — (C.P. Cable.)—Preliminary hearing into manslaughter charges against the owner and captain of the excursion ship St. George was adjourned today as the known death toll in the vessel's capsizing February 14 of St. Lucia rose to 43 with the finding of two more bodies in her beached hull.

# ITALO-ET ACCORD

## Neutral Zon Will Avert In A

LONDON, Marc thoritative British today that Italy agreement with Et posed neutral zo African empire colonies of Somalila

These quarters un Italian envoys to A been instructed Ethiopian Governme regarding details of An official source though Italy's actio acceptance in princ tral zone idea, it w it would lead to a ment of the dispute nations, thereby ave


St
YOUR
SPECIAL
May We
A Del



Crown
2 lb. can
CABIN BRAND
Pure Ma
ROCK BRAND
LYLE'S GOLDE
COMFORT SO
CLOVER LEAF
CRISCO—alwa
LYNN VA
JAFFA
Orang
Large size
juice. A
economy pr
them every
CELERY
Per Bunch
ONIONS
No. 1 Grad
Fancy Gr
Apple




"THE BEST-LIKED BISCUITS IN CANADA"

See th
DEMONST
at the
MONTREA
COOKING
By Miss Jessie DeBoth of the De
in the
PRINCESS T
476 St. Catherine
Tuesday, March 5th to Friday
Chris
SODA W

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

D 19158

l Daily Star.

HOME EDITION

Y, JUNE 2, 1936

SUN RISES TOMORROW 5:08; SETS 8:37 (Daylight Saving Time)

PRICE TWO CENTS

# REVEALING SECRETS"

## resses Obstacles to Rail Co-ordination

HE QUEEN MARY HAS COMPANY



mparison, follows in her wake, the majestic Queen Mary steams past the equally majestic skyline of New orner is the Battery sea wall where thousands massed to view the sight. The photograph was taken from ocean greyhounds steamed up the North River from Quarantine to her pier.



r shows excellently the appearance of New York Bay as the new British superliner Queen Mary left liver pier. Tugs, excursion vessels and harbor craft of every description followed in her wake, steamed les blowing a deafening welcome to the new pride of Great Britain's mercantile fleet, ending her maiden

## 'Queen Mary' Is Primed To Give Speed Display

### *Cunard-White Star Chairman Hints Record Will Be Attacked on Homeward Trip — Sister Ship Justified*

NEW YORK, June 2—(U.P.)—An army of stewards, seamen, and mechanics began making the giant SS. Queen Mary ready today for a possibly record-making maiden voyage to England.

Sir Percy Bates, chairman of the Cunard-White Star Line, the 80,000-ton liner's owner, indirectly confirmed reports that her 200,000 horsepower engines will be opened up on the eastern passage in a challenge to the trans-Atlantic record of the French ship Normandie.

"I believe that she can easily beat the Normandie's time with favorable weather," he said, "and she may do it on the passage home."

The Queen Mary will sail at 10.30 A.M. Friday, Cunard officials expected her to carry even more than the 1,849 passengers she landed at New York yesterday at the end of her first Atlantic voyage. She barely missed equalling the Normandie's speed record then.

One year ago today the French ship made her maiden voyage from Southampton in 4 days, 11 hours, 41 minutes. The Queen Mary steamed from Cherbourg, a course 34 miles shorter, in 4 days, 12 hours, 23 minutes. The Normandie's average speed was 29.64 knots, the Queen Mary's 29.13 knots.

**ENGINEER BLAMES FOG**

The Queen Mary's chief engineer, Llewellyn Roberts, blamed fog on Friday for failure of his ship to capture the trans-Atlantic blue ribbon on her first cruise.

"She has more power than the builders knew," he said. "It will be just a dance for her when we get a slant of fine weather."

Passengers on the shakedown cruise said the vibration common to most ships built for high speed was noticeable on the Queen Mary only during a part of the voyage and then principally near the stern.

Other aspects of the builders' regard for passenger comfort was

(Continued on Page 4)

## SAYS CANADA COULD FORCE DROP IN WHEAT

Special Cable by J. E. Poole, The Star's Resident Correspondent.

LONDON, June 2—The wheat selling policy of Canada is the subject of increasing attention here. The Times financial section says: "It will be unwise to place too much reliance on excessive heat in Canada and the United States as a cause of partial price recovery. The real reason is the covering of short sales accompanying a downward movement. Should Canada resume her policy of meeting the market, the price could easily resume a downward movement."

In simple language this means that if the Canadian Wheat Board decided to sell wheat at whatever price the market offers, there is every probability that the price of wheat will decline in the near future. The Times suggests that ship charterers may find the St. Lawrence route too short to suit them.

## MONTREAL BILL'S STUDY POSTPONED

### Bouchard Reports Temporary Failure to Reach Civic Rule Agreement

By ALBERT E. PERKS
(Star Staff Correspondent)

QUEBEC, June 2—The private bills committee of the Legislature this morning received an interim report from Hon. T. D. Bouchard, chairman of the sub-committee appointed to consider the question of a new system of government for the City of Montreal and postponed consideration of the Montreal Bill until next week, Mr. Bouchard's report being to the effect that developments in Montreal since last week had been such as made it impossible for the sub-committee to make a final report before the end of this week.

Mr. Bouchard reported as fol-

(Continued on Page 2, Col. 4)

## India's "Untouchables" Start To Break Religious Bonds

BOMBAY, India, June 2—(U.P.)—Ten thousand of India's millions of "untouchables" — inaugurated the first big scale effort today to break away from the religious bonds which for centuries have caused them to be regarded as pariahs.

At an intensely emotional meeting, they resolved in future not to worship at Hindu temples, not to observe Hindu festivals and not to visit holy places.

Their leaders announced that they had chosen another religion than Hinduism. They did not disclose what it was but invited their followers to adopt a religion of their own, whether Mohammedanism, Theosophy or Christianity—provided only that it granted them the equality of status which is denied them under the ancient Hindu caste system from birth to death.

Such leaders as Mahatma Gandhi have been fighting for years to obtain equal rights for the untouchables, and it was believed that the present effort might mark a real start in a big scale breakaway of the outcasts from the Hindu religion.

## Hardships To Labor Recited

### Chairman of C. N. Trustees Accounts For Stewardship

### NOT RESIGNING

**In Detail Gives Reasons He Did Not Relinquish Public Trust**

OTTAWA, June 2— (Star Special by Staff Correspondent) — Appearing today before the Canadian National Committee, the Hon. C. P. Fullerton, chairman of the board of trustees, entered into a lengthy defence of the trustee administration of the system. He recalled the circumstances under which the trustees' commission had been named on the recommendation of the Duff Commission; entered into an analysis of financial results; spoke of the economies which have been effected and then—at particular length—emphasized the obstacles in the way of cooperative economics.

The greatest difficulty he found to be in the anticipated hardships from the displacement of labor. Constant effort should be applied for further economising. There were evidences of recovery and it might be that "in the operation of the dual factors of improved business and economics lay the salvation of the railways."

At the end Mr. Fullerton told of being asked to resign and of why he had refused to give up a public trust, for which he had been appointed for a term of years.

Hon. C. D. Howe told the Committee in effect that he had come to a very early conclusion that a railway man was needed to head the system, rather than a judge. The employees had that idea. Though the job was distasteful he had approached Mr. Fullerton for his resignation. The latter had wanted his judgeship back but there was no vacancy. Other terms were discussed but before completion Mr. Fullerton decided that he would not resign. The Government had concluded to go ahead with the reorganization.

Considerable wrangling followed in the committee.

**Railways Everywhere Have Suffered Losses**

At the outset Mr. Fullerton declared he was not a "free agent." He filled a position of trust; one of great difficulty. Controversy would accentuate it. He did not claim to be infallible. The chairman went on to review the vital findings of the Duff Commission, concerning pressure, the wholly "advisory nature of the directors," the "red thread of extravagance" and the freedom of expenditures which prevailed. The trustees had endeavored to overcome this.

Proceeding Mr. Fullerton said in part: "In considering the results for the railway system during the regime of the trustees, it must be constantly kept in mind that for some years back the depression has borne down with particular severity on railway companies in general. They have suffered as well, and particularly, from the competition of new and recently developed methods of transportation. One has only to look at the position of railway companies in the United States and other lands to realize the significance of this fact. Having this truth ever in mind, and as well the history of the National Railways themselves, and the fact that a very great proportion of their mileage was not constructed with a view to profit but rather for great national purposes, it becomes clear that it is very easy to expect too much in the way of restoration of this great system to a favorable operating basis.

The trustees have had control of the railway since January 1, 1934. The financial results for 1934 and 1935 are contained in the reports of the trustees which have been

(Continued on Page 2, Col. 2)

PUBLIC ARCHIVES PUBLIQUES
CANADA
MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)



# BUDGET TRIBUNAL RENDERS VERDICT

(Continued from Page 1)

broker and issued instructions for the sale of more securities."

7—"Immediately afterwards instructions were given for insurance against increases in taxation in two matters of the budget. They were mainly effected at the permitted rate and as high as 30 guineas per centum; a rate much exceeded in average but reaching 40 guineas in the insurance last affected."

8—"Effecting insurances in the name of the nominee or nominees, was a practise heretofore not adopted by Butt."

9—"Then there was the misrepresentation by Kenneth Butt (broker, son of Sir Alfred) of the name of the party really interested; a misrepresentation which, to the knowledge of Sir Alfred, was not corrected until about May 1 in answer to a request of the Messrs. Willis, Faber and Dumas."

10—"There were the irreconcilable differences between the evidence of Sir Alfred and Kenneth Butt and others regarding instructions for insurance against a rise in the duty on tea."

Other witness before the tribunal were found guilty of not telling the truth.

"Alfred Bates, in our view, was not candid in answering the tribunal," the report said.

### Leslie Thomas Is Absolved

LONDON, June 2—(A.P.)—The budget tribunal cleared the former Colonial Secretary's son, Leslie M. Thomas, of all blame, expressing the unanimous opinion he neither knew nor suspected Bates had improper information on the budget secrets.

(Leslie Thomas conducted business with Bates when the latter bought insurance against tax increases announced in the Government budget.)

"Having heard the witnesses and observed their demeanor," stated the tribunal, "we do not believe the explanation of successful insurance on two risks was fortuitous."

(The "two risks" were the increases in taxes on incomes and on tea.)

The judges said they saw no connection between Bates' payment of £15,100 ($75,000) for an autobiography of Thomas and the budget leakage, "save that it accentuates the close connection of friendship between the two men and put Thomas under obligations to Bates."

(Bates testified he had offered Thomas £20,000 for the right to publish an as then unwritten autobiography and had purchased a house for Thomas at Ferring-on-Sea at a cost of £15,100 as a down payment.)

Thomas, Sir Alfred and Bates all denied from the witness stand that they had discussed budget secrets.

The tribunal said there was "not a shred of evidence" suggesting that anyone save Thomas was guilty of disclosing the secrets, which provided Britain's major political scandal of the past decade.

"We think it right and in the public interest that our view in this respect should be openly and plainly affirmed," the report added.

"It seems improbable," the report stated relative to one statement by the former Colonial Secretary.

### THOMAS UP EARLY

LONDON, June 2 — (A.P.) — Right Hon. J. H. Thomas, who resigned as Colonial Secretary after a judicial inquiry into alleged leakage of Budget secrets, arose early today to get one of the first copies of the investigating commission's formal report.

Thomas hurried from his country home in Devon to London.

After studying the report he may make a public statement on its contents, sources close to the former Cabinet Minister said. He may at that time disclose whether he is intending to retire from the House of Commons.

### MODERN ENOCH ARDEN

GODERICH, Ont., June 2—(C.P.)—Charles Mew, of Jackson, Mich., returned to Goderich after 20 years' absence to find his name neatly carved in the list of dead on the cenotaph here. Mew said he "felt funny all over" when he saw it. He explained that he had been reported missing after the Vimy battle, was in hospital a long time and after being invalided home went to live with relatives in Jackson.

# *Fullerton Opposes Rail Co-ordination*

(Continued from Page 1)

submitted to Parliament. Let us compare the results in 1934 and 1935 with the year 1933 to see what has been accomplished. The published statements show that during 1934 and 1935 the gross revenues averaged $20,523,759 more than in 1933. The statements show further that the cash deficit in 1934 was $10,547,488 less than in 1933, and that in 1935 it was $11,533,924 less than in 1933, or an average reduction of $11,040,706, which is equal to 54 per cent of the increase in gross revenue. We consider this to be a very satisfactory performance under the difficult conditions which have prevailed. For the two years combined the reduction in the amount of cash which the Government had to find to meet the deficit of the railway was $22,081,412.10

### How C.N.R. Figures Compare

"There have appeared remarks very recently concerning the efficiency of the Canadian National Railways organization, and I propose to make a comparison between the results achieved by National Railways on the one hand, and those of Canadian Pacific Railway, and what are known as Class 1 railways of the United States.

In making this comparison I wish it to be clearly understood that neither directly nor by inference am I casting any reflections on the management of the systems mentioned. It is only because of the necessity of adopting some well-known and accepted standard that I refer to them.

"In the first year of the trustees administration of National Railways, 1934, as compared with the immediately preceding one, the operating revenues increased by 11 per cent, while operating expenses went up 6.39 per cent. In 1934, the Canadian Pacific Railways operating revenues increased by 2.9 per cent over the previous year, while expenses increased by 6.7 per cent. On class 1 railways of the United States revenues in the same period increased 5.7 per cent and expenses 8.5 per cent. It will be noted that notwithstanding National Railways had the largest percentage of operating revenue increase, its percentage increase in expenses was less than that of the Canadian Pacific Railway and Class 1 United States railways.

### Operating Costs And Revenues

"In 1935 the operating revenues of the National Railways were 5.02 per cent greater than in 1934, while operating costs went up 4.6 per cent. In the same year Canadian Pacific Railway revenues increased 3.3 per cent and their expenses 6.1 per cent, while Class I United States lines' operating revenues increased by 5.5 per cent and expenses 6.3 per cent. Again it will be noted that the percentage increase of revenue was greater for the Canadian National Railways than for the Canadian Pacific Railway, and nearly equal with Class I roads, while the percentage increase of expenses was least. In the accomplishment of those results the railway was maintained at the high standard which the trafic demanded.

A word should, perhaps, be said about the ratio of gross revenues which is absorbed by operating expenses. This is, to a large extent, dependent on traffic density and other traffic characteristics, as obviously there must be great difference of cost in operating in territories which are well populated, as compared with those which are not, and in the transportation of commodities which pay substantial freight rates as compared with those which, while occupying space and being heavy, pay low and, in some cases, uneconomic rates. No railway has, of course, a monopoly of either kind of territory or traffic, but it varies on all lines, and the ratio of costs of operation to the revenue derived varies also. Comparisons are, therefore, difficult to make, but it may be of interest to state that whereas the Canadian Pacific Railway operating ratio increased from 79.38 in 1933 to 79.56 in 1935, the National Railways operating ratio decreased from 96.16 in 1933 to 91.77 in 1935.

### Where Earlier Losses Turned Into Profits

"A word may be added to capital expenditures. Members of the committee will recall that the Duff Commission reported the capital expenditures during the period 1923-1931 had been $456,345,456, an average of $50,705,000 per annum. During the two years 1934-1935 the retirements exceeded the additions and betterments, that is to say, no any additional funds were required in these two years on capital expenditure account.

Mr. Fullerton went on to refer to the appointment of Mr. Hungerford as president in charge of operation and to explain the division of authority, under him (Mr Fullerton): Nine departments, legal accounting, publicity, medical, colonization, agriculture, secretary, property, hotels, and steamships. Reference was made to the improvement in the steamship services. The Merchant Marine had been a losing proposition practically from its inception, yet in 1935 after a succession of deficits the line was able to report a surplus on operation. Detailed figures of these were given. The receipts for the first few months of this year were up $150,000.

There had been a distinct improvement in the result of hotel operations during the trustees administration. 1934 was the first year since consolidation that there was a profit from the operation of the company's hotels, the profit for that year being $37,017. In 1935 the gains were extended, and a profit of $101,771 reported. Comparing the year 1935 with 1933 there was an improvement of $274,745. From 1923 to 1934 there had been deficits.

In all the revenue producing departments, as above, losses had been turned into operating profit, while in the other departments which are purely administrative and non-revenue departments, substantial economies had been effected, "without any sacrifice of efficiency."

### Men Were Unsettled But Situation Improved

Mr. Fullerton next related the efforts he and Mr. Hungerford had made to effect economies. As a result, an annual savings of $200,000 was brought about. Details of the departments where this was effected were given. Economies, however, could be at the cost of efficiency but, S. W. Fairweather, economist was quoted as saying that the C.N.R. is as efficient as any system.

The trustee chairman turned next to the morale of the system. When he took office, he said, it was low: The men had seen their numbers cut from 113,385 to 70,625; their compensation from $176,000,000 to $99,000,000. Mr. Fullerton thought it essential to the interests of the system that the conditions as to security of employment should be equal to that of professions and occupations.

In more than two years no representations had been made to the trustees reporting any special unrest among any of the men.

### Comments On Co-Operation Plan

Over 4,000 new employes had been taken on and the payroll of 1935 was $9,229,000 greater than that of 1933. Dealing with co-operation, Mr. Fullerton said the obligation to agree upon such plans rested upon both systems. Reference was made to the great amount of data which have to be assembled in bringing about such agreements. The trustees had to rely in large degree in their officers. They (the trustees) had been "most persistent in directing their own attention and that of the officers under them to this very important subject."

Allowing for technical and other difficulties Mr. Fullerton added "It is my view that quicker progress could have been made had there been present the officials of both railroads, a greater measure of the will to co-operate. There could, in my opinion, easily be a more enthusiastic disposition to overcome obstacles in the way of co-operative progress, and it may be useful to devote a little time to the consideration of some of the aspects of co-operation which influence the average railway official.

### Instructive Distrust By Railway Experts

"In the opinion of Mr. Eastman, (Federal Co-ordinator of transportation in the United States) the tendency of railroad management to cling to assumed individual advantages in preference to those which would be gained by co-ordination, or correlation, is ingrained, and it may be, impossible to overcome.

"Many railroad executives have an instinctive distrust of co-ordination projects, especially those which are large in scope. Such projects run counter to their training, and often to their self-interest. The executive officers have grown up in the business, and this idea of conflicting interests is ingrained and predominant. Their habit of mind is intensely individualistic and suspicious of collective action. When such action is proposed, notwithstanding that it may be for the good of the industry as a whole, the normal executive will at once seek to determine how it may affect his railway in comparison with others.

### Hardships Blamed On Unfavorable Times

"Another factor to which attention must be given is that almost every scheme for effecting further economies has a direct bearing on some community, and the interests of each community has to be seriously considered.

"There is still another and very real impediment in the way of further extensive economies, and of co-operation. Throughout the whole service there is a widespread conviction that the difficulties of the Canadian National Railways (and no doubt this also applies to other railroad systems), are of a purely temporary nature brought about by times of depression, which in due course will pass.

"But perhaps the greatest difficulty in the way of expediting further extensive economies concerns labor. To reduce expenses on any large scale men must be displaced, and if serious hardship and unrest are to be avoided, some form of dismissal pay or compensation should be considered. It is my personal view that a great deal more progress might be made in co-operative measures for economy, as well as in other economy measures, if some plan for employe dismissal compensation were worked out and adopted. I believe it to be a fact that the officials of the railroad, contemplating changes designed to secure economy but which involve putting men out of work with little hope of re-employment, are influenced by humanitarian feelings, and naturally the men resist all such measures to the limit. It does not seem unreasonable to urge that part of the advantage to the employers should be shared with labor, rather than that the whole burden should be borne by labor.

"The Canadian National-Canadian Pacific Act requires that both the burden and the advantage should be shared by the two companies. It seems to have been overlooked that the joint advantage can be secured only by transferring the burden to labor. A more equitable arrangement with labor appears to be required and should be provided. If this were done, one great preliminary step towards the accomplishment of any radical changes which might displace labour would be made.

### Railways And Ottawa Should Confer

"I have reached the conclusion that the government, the railways and the representatives of railway labour, should discuss this matter together with a view to the adoption of some arrangement for the two Canadian railroads as will afford reasonable protection against hardship on the part of those employes who, after long years of service, may be displaced by the adoption of co-operative measures."

Mr. Fullerton came to the proposed re-organization of board and, since it was publicity stated, he admitted resignations had been asked for. He declined. He quoted the act of 1933 that no trustee should be removed, "except for assigned cause." While this remained, the law it should be thought, be fully observed. Mr. Fullerton concluded: "In discharge of my duties I have consistently maintained an independent and unbiased attitude towards the political parties and their members, and as long as I am chairman of the trustees I purpose to continue to do so. That, I consider, is merely the observance of a fundamental condition of my appointment and of the spirit of 1933 act.

"When I was asked for my resignation in October last my first impulse was to give it, as, no more than any other man, do I have a desire for carrying on my work in other than an atmosphere of friendliness, appreciation and confidence. On reflection, however, it was borne in on me that to yield on a matter of this nature, no matter how great the temptation to do so might be, would be to betray a trust, which through a statute of Canada, had been reposed in me, and that any such action on my part would simply be acquiescing in the creation of a situation which Parliament itself had taken special steps to prevent arising.

"I have therefore, found myself in a most unpleasant situation, but a situation in which I think there was only one course which I could with honor and fidelity to duty pursue, and I truste that thos whose duty it is to review my action will appreciate the facts to which I have called attention."

# MONTREAL BILL'S STUDY POSTPONED

(Continued from Page 1)

lows: "Relative to the Montre Bill, we met yesterday the co mittee appointed by the City Montreal, and we have developed in Montreal wi prevent us from making any port today.

"The Montreal City Council pointed a committee to consi this question of a new system administration for the city. Th sat on two successive days then adjourned sine die with having decided anything. We yesterday in Montreal and he several persons representing v ous public bodies, who desired give us their views on various p jects which have been put forw for study by the sub-committe with reference to the revision reform of the system of admini tration of that city. Thereafte we adjourned the meetings of t sub-committee until 9.30 o'cloc tomorrow morning.

"We notified the authorities the City of Montreal that it w not necessary to bring them Quebec this morning for consid eration of the Montreal Bill be cause we did not think it possibl that we should be able to make a final report. We do not think we shall be able to reach a final report before the end of this week."

The chairman asked whether the committee should postpone study of the Montreal Bill until the end of the week, but Mr. Bouchard suggested the beginning of next week would be better.

The situation now stands, therefore, that the sub-committee studying a new form of government will sit tomorrow morning and continue its sittings until it reaches a final report, probably by the end of this week and the private bills committee will receive that report and resume study of the Montreal bill next Tuesday morning.

The private bills committee this morning approved, with a few detailed amendments, a bill to incorporate the Catholic Scouts of the Province of Quebec and then adjourned until tomorrow morning.

## JOB-HUNTING TIPS GIVEN TO STUDENTS

TORONTO, June 2—(C.P.)—W. J. Dunlop, director of the University of Toronto extension department, yesterday gave pointers on job-hunting for the benefit of more than 1,000 students who will graduate this week.

They are: Go after the job for which training and preference qualify you.

Be cheerful in applying—the long mournful face doesn't work.

Be original in applying.

Observe a due medium between modesty and boastfulness.

## Head of Tribunal Lives Only for Law

LONDON, June 2 — (C. P. Cable)—Mr. Justice Porter, who headed the "budget leak" tribunal, is 59 years old. He is a bachelor and lives for the law and for the law alone.

Bereft of wig and robes and away from the Law Courts, he would not be recognized by one in 10,000.

His tall slight figure and face are reminiscent of the late Mr. Justice Avory, as is his manner on the bench with his habit of quiet but persistent examination.

Sir Samuel Porter has been a judge only two years. His earlier work at the Bar was concerned largely with intricate commercial causes wherein he showed an almost uncanny grasp of figures.

LOW ROUND TRIP FARES FROM MONTREAL

Lv. MONTREAL (Bonaventure Station) 12.10 p.m. - 8 p.m.
FRIDAY JUNE 12
RETURN LIMIT Tuesday, June 16, except Gaspe and Halifax, Wednesday, June 17.

GASPE - - $7.00
RIVIERE DU LOUP ..... $5.60
Rimouski ..... $6.90 Moncton ..... 7.00
CAMPBELLTON ..... 7.00
SAINT JOHN, N.B. ..... 7.00

HALIFAX $11

GOING by all trains SATURDAY JUNE 13 SUNDAY JUNE 14

SHERBROOKE $2.15
Coaticook - - - - $2.60 Lyster - - - - - $2.70
Island Pond - - - 3.20 St. Hyacinthe - - 1.00
Victoriaville - - - 2.35 Richmond - - - - 1.65

GRAND'MERE $1.90
Joliette - - - - - - .75 Shawinigan Falls $1.80
RETURN LIMIT—Monday, June 15

Proportionately Low Fares to other points.
Times shown are STANDARD.
For further details phone MA. 4731 or consult local ticket agent.

CANADIAN NATIONAL

Help! Help!!
When you need male help—don't shout, just
Phone PLateau 5061
PROTESTANT EMPLOYMENT BUREAU, INC.
1027 St. George Street
A free employment service for employers and men established in 1925.

D19159

Promotions in the C. N. R. Staff are made regardless of the need of occupants of such posts, and the appointment of Mr. Edge, as per the hereto attached article indicates how little consideration is afforded the Canadian tax payers.

It is simply ridiculous to suppose that a Sup't of the C. N. R. personnel along such a long line could exercise any kind of influence of the same.

The same rule obtains from the President down to the lowest post of the C. N. R.

In Montreal C. N. R. Offices, clerks leaves their offices to go to a nearby restaurant to drink Coka Cola and are absent for more than 1/2 hour during the day, and no complaints are ever heard, because not one single employee of the C. N. R. has a single dollar investited in the C. National Railway, except the Can. Govermement. Which was for the most part, done under the execrable liberal rule.

However, as your colleagues in the Senate are in the majority, you may be able to secure the necessary reforms.

Remember that Fullerton and Hungerford are continueing the Henry Thornton policy of extravagance, but at a lower pitch.

T. P. Mazurette.

Please note that Senator Raoul Dandurand, whom secured his nomination as a senator through the late Sir Wilfrid Laurier, is a first cousin of Charles Lanctor, former Dep. Attorney General of Quebec against whom a warrant for his arrest has been issued by the Dup. Gouverment. Dandurand never was elected in any constituency in Canada, and could not do to-day.

If Hungerford declares that it would not be in the interest of the C. N. R. to reveal any information concerning the C.N. R., let him know, as did the late Dr. Peter McGibbon, that it will be for the members to decie that question, as they are responsible to the Can. Public, and if Hungerford refuses, let him be dismissed.

Honesty in Can. Politic can only be obtained by a Russian purge.

THE MONTREAL DAILY STAR, TUESDAY, MAY 3,

*C. N. R. Promotion*



F. W. EDGE
formerly inspector of staffs of the Canadian National Railways, who has been promoted to the post of superintendent of personnel for the line.

## ANGLO-U.S. PEACE PACT IS SUGGESTED

NEW YORK, May 3—(C.P.)—An alliance between Great Britain and the United States "literally could impose peace upon the world," Sir Henry Braddon, Australia's first High Commissioner to the United States, said in an address last night.

"These two great nations," Sir Henry said, have power enough, economic and other, to localize any war which might break out and prevent its expansion into another devastating world clash."

## HUSBAND RESCUES WIFE FROM PURSE SNATCHER

### Surprised Good Samaritan Wounded By Thug

To play to role of Good Samaritan, and then to find he was playing it to his own wife, was the unique experience late last night of 29-year-old Robert Ronne of 7515 Christophe Colomb street.

Ronne was driving home, and was nearing his garage, when he heard a woman scream, and saw a man snatch her purse. Going to her aid, when he assisted her to her feet he found it was his wife. Taking up pursuit of the purse-snatcher while his wife telephoned for police, Ronne caught up with the man at Christophe Colomb and Everette streets. The man drew a knife when Ronne grappled with him, and succeeded in escaping after gashing Ronne's forehead and biting his wrist. Ronne was treated for these wounds, and his wife for nervous shock, at St. Justine's Hospital. Both were allowed to go to their home.

Sergt.-Detectives Caumartin and Bourdage searched the neighborhood but could find no sign of the man, a good description of whom was given by the Ronnes.

In all the excitement, Mrs. Ronne managed to hang on to her purse.

MEIGHEN PAPERS, S

Yes, YOU

PUBLIC ARCHIVES

ARCHIVES PUBLIQUES

CANADA

L 19159

Promotions in the C. N. R. Staff are made regardless of the need of occupants of such posts, and the appointment of Mr. Edge, as per the hereto attached article indicates how little consideration is afforded the Canadian tax payers.

It is simply ridiculous to suppose that a Sup't of the C. N. R. personnel along such a long line could exercise any kind of influence of the same.

The same rule obtains from the President down to the lowest post of the C. N. R.

In Montreal C. N. R. Offices, clerks leaves their offices to go to a nearby restaurant to drink Coka Cola and are absent for more than 1/2 hour during the day, and no complaints are ever heard, because not one single employee of the C. N. R. has a single dollar investited in the C. National Railway, except the Can. Government. Which was for the most part, done under the execrable liberal rule.

However, as your colleagues in the Senate are in the majority, you may be able to secure the necessary reforms.

Remember that Fullerton and Hungerford are continueing the Henry Thornton policy of extravagance, but at a lower pitch.

T. P. Mazurette.

Please note that Senator Raoul Dandurand, whom secured his nomination as a senator through the late Sir Wilfrid Laurier, is a first cousin of Charles Lanctot, former Dep. Attorney General of Quebec against whom a warrant for his arrest has been issued by the Dup. Gouverment. Dandurand never was elected in any constituency in Canada, and could not do do to-day.

If Hungerford declares that it would not be in the interest of the C. N. R. to reveal any information concerning the C.N. R., let him know, as did the late Dr. Peter McGibbon, that it will be for the members to decie that question, as they are responsible to the Can. Pub.ic, and if Hungerford refuses, let him be [illegible].

Honesty in Can. Politic can only be obtained by a Russian purge.

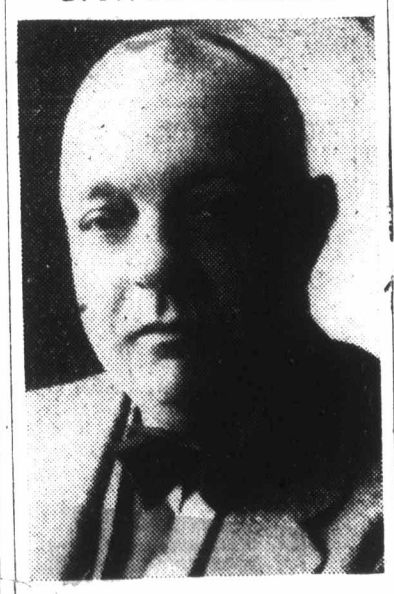
MEIGHEN PAPERS, S[illegible]

PUBL[illegible]
ARCHIVES PUBLIQUES
CANADA

Yes, YOU
[illegible]

THE MONTREAL DAILY STAR, TUESDAY, MAY 3,

## C. N. R. Promotion



F. W. EDGE
formerly inspector of staffs of the Canadian National Railways, who has been promoted to the post of superintendent of personnel for the line.

## HUSBAND RESCUES WIFE FROM PURSE SNATCHER

### Surprised Good Samaritan Wounded By Thug

To play to role of Good Samaritan, and then to find he was playing it to his own wife, was the unique experience late last night of 29-year-old Robert Ronne of 7515 Christophe Colomb street.

Ronne was driving home, and was nearing his garage, when he heard a woman scream, and saw a man snatch her purse. Going to her aid, when he assisted her to her feet he found it was his wife. Taking up pursuit of the purse-snatcher while his wife telephoned for police, Ronne caught up with the man at Christophe Colomb and Everette streets. The man drew a knife when Ronne grappled with him, and succeeded in escaping after gashing Ronne's forehead and biting his wrist. Ronne was treated for these wounds, and his wife for nervous shock, at St. Justine's Hospital. Both were allowed to go to their home.

Sergt.-Detectives Caumartin and Bourdage searched the neighborhood but could find no sign of the man, a good description of whom was given by the Ronnes.

In all the excitement, Mrs. Ronne managed to hang on to her purse.

## ANGLO-U.S. PEACE PACT IS SUGGESTED

NEW YORK, May 3—(C.P.)—An alliance between Great Britain and the United States "literally could impose peace upon the world," Sir Henry Braddon, Australia's first High Commissioner to the United States, said in an address last night. "These two great nations," Sir Henry said, have power enough, economic and other, to localize any war which might break out and prevent its expansion into another devastating world clash."

# DEFENCE LAWYER OUTLINES CASE

(Continued from Page 23)

Have you any book that will show the payment of $1,100,000 as stock bonus to shareholders of 1915 to date?

I have extracts from them. I have the books here also.

Will you file as exhibit D1 copy of the minutes of the board of directors of the Sun Life passed at the meeting on June 1, 1915?

Witness did so.

Mr. Cormier: This exhibit reads: The management recommended that from the sum standing to the credit of the shareholders a stock dividend of $10 per share, making a total of $100,000 be given, increasing the capital stock from $350,000, and that a dividend of 15 per cent be paid as from July 1st next. Moved by Mr. Hosmer, seconded by Senator Dandurand that this stock be issued and the dividend declared."

The Court: Is that proving your plea that $1,100,000 was given as stock bonus?

Mr. Cormier: That is part of it. Will you tell the Court the second bonus that was granted?

Witness: Minutes of a meeting of the directors on June 20, 1918. The management recommend that the paid up capital stock be increased by $125,000 by making the necessary call therefor. Resolved that a call of $12.50 per share be and the same is hereby made on the shareholders, payable on the 30th day of June, 1918 to the company at its head office. The management recommended that from the sum standing at the credit of the shareholders a cash dividend $12.50 per share be declared payable to the shareholders of record of June 20, 1918. Resolved that the recommendation of the management as set forth be adopted and that the dividend as stated be declared, said dividend to be applied in payment pro tanto of the balance of the subscribed capital not yet paid to the company."

Will you read the minute of June 2, 1919?

## Cash Bonus Given

## *Sir Henry In South*



Sir Henry Thornton, former president of the C.N.R. is shown here wrestling with a score card instead of railway statistics. He is down at Miami and all those who have heard Sir Henry in after-dinner speeches will readily recognize the whimsical smile he is wearing.

## SHIPS CHRIS

### Several On

Several C
ers will be
during th
freighter
reach Halif
after Chris
Constructor
Christmas I
Antipodes f
Conqueror v
land from
Canadian C
ports of th
The freighte
carrying "
gers from H
be respecti
Trinidad an
Halifax, wh
ringing.

**DUE AT BO**

The Lady
en route to
with passeng
muda, the Le
and British
Hawkins is s
tish Guiana
Loaded wit
chandise whi
time to be di
presents in th
Somers from
reach her
Jamaica, the
after leaving
various other

**PRODUCE FR**

The Canadia
Cathcart arrive
week-end with
grapefruit and
West Indies.
which followed
port, has brou
and cocoa.

**ECONOMICS O**

In addition to
attractions, an
has been engage
the world cruise

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

POOR
COPY

T A B L E A U  C O M P A R A T I F

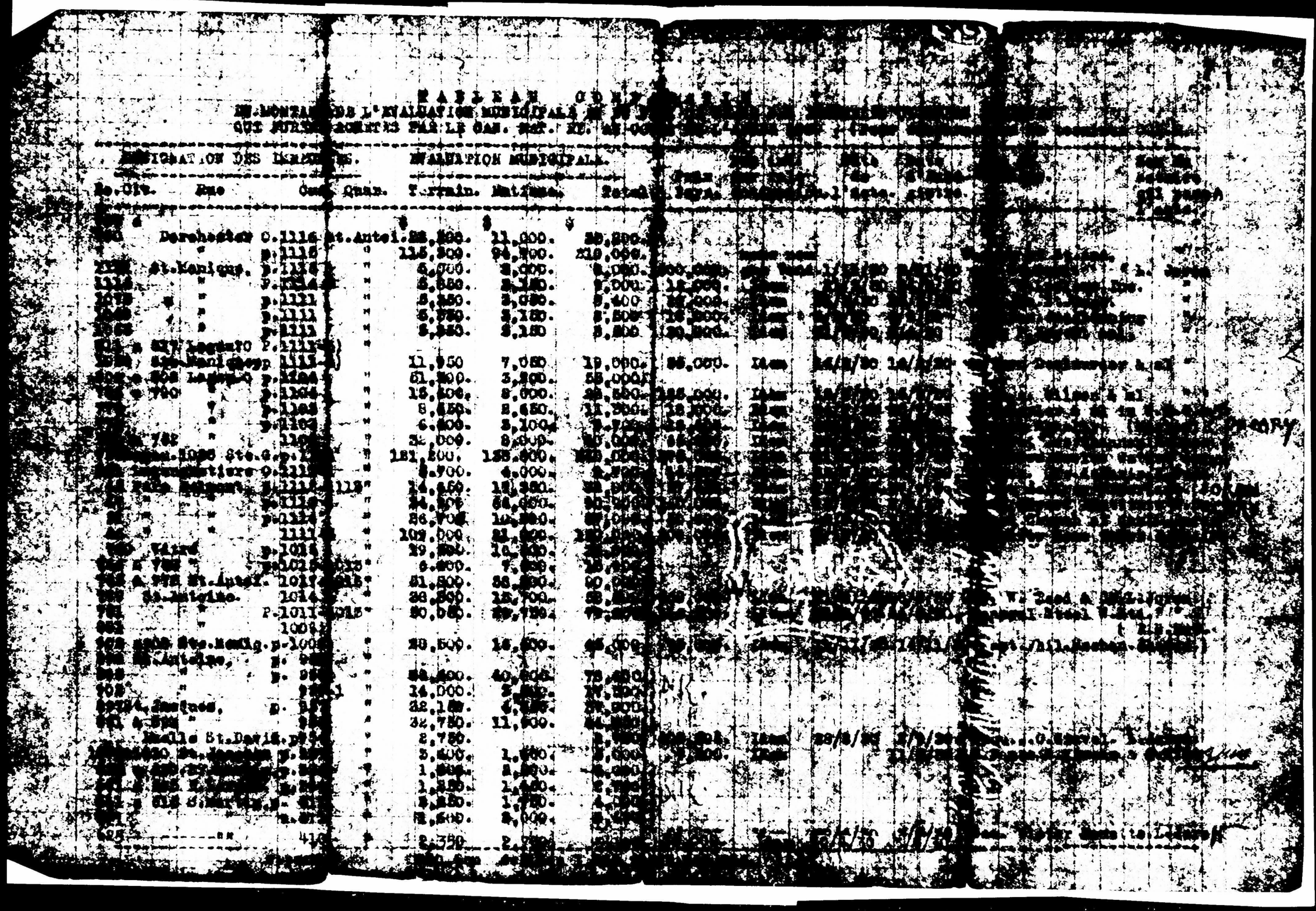
DU MONTANT DE L'EVALUATION MUNICIPALE ET DU PRIX DE VENTE DES IMMEUBLES CI-APRES INDIQUES QUI FURENT ACHETES PAR LE CAN. NAT. RY. AU COURS DE L'ANNEE 1930 . (Pour construction du terminus C.N.R.

| DESIGNATION DES LIEUX. No.Civ. | Rue | Cad. | Quar. | EVALUATION MUNICIPALE. Terrain. | Batisse. | Total | Prix Paye. | Nom ind. sur role cotisation. | Date de l'acte. | Date d'Enregistre | Nom du Vendeur. | Nom du notaire qui passa l'acte. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 786 a | | | | $ | $ | $ | | | | | | |
| 790 | Dorchester | O.1116 | St.Antoi. | 23,200. | 11,000. | 38,200. | | | | | | |
| " | " | p.1116 | " | 115,300. | 94,700. | 210,000. | | meme nom | | | Church of St.And. | |
| 1121 | St.Monique, | p.1116 | " | 5,350. | 3,000. | 8,000. | 600,000. | que Vend. | 1/11/30 | 3/11/30 | ... St.Paul. | L. Joron |
| 1115 | " | P.1114 | " | 5,850. | 3,150. | 9,000 | 12,000. | Idem | 21/3/30 | 24/3/30 | ..., T.Leclerc, Inc. | " |
| 1073 | " | p.1111 | " | 5,350. | 3,050. | 8,400 | 20,000. | Idem | 22/5/30 | 26/5/30 | ..., Jos.St.Onge. | " |
| 1069 | " | p.1111 | " | 5,350. | 3,150. | 8,500 | 18,000. | Idem | 4/2/30 | 6/2/30 | ..., Jos.Jno.Canning | " |
| 1065 | " | p.1111 | " | 5,350. | 3,150 | 8,600 | 20,000. | Idem | 21/5/30 | 2/6/30 | ... P.Hugent & al, | " |
| 811 a 817 | Lagau. | O P.1111-5) | " | | | | | | | | | |
| 1059 | Ste.Monique | p 1111-4) | " | 11,950 | 7,050 | 19,000. | 35,000. | Idem | 14/5/30 | 16/6/30 | ...elson Doslaurier & al | " |
| 800 a 802 | Lagau. | O p.1104 | " | 51,300. | 3,700. | 55,000) | | | | | | |
| 786 a 790 | " | p.1104 | " | 15,600. | 8,000. | 28,600. | 125,000. | Idem | 13/8/30 | 15/8/30 | ...e.A. Wilson & al | " |
| 774 | " | p.1103 | " | 8,650. | 2,650. | 11,300. | 18,000. | Idem | 24/7/30 | 25/7/30 | ...Laurier & al in T.G.C.R.S | DECARY |
| 770 | " | p.1103 | " | 6,600. | 3,100. | 9,700. | 13,400. | Idem | 20/6/30 | 2/9/30. | ...mas Donally. (Marler) H. | |
| 750 a 762 | " | 1102 | " | 32,000. | 8,000. | 40,000. | 65,000. | Idem | 28/8/30 | 29/8/30. | ...ret Jos.Shannon.H.Deca | |
| 759 | Lagau. | 1080 Ste.G. | p.1102 | 121,200. | 138,800. | 260,000. | 375,000. | Idem | 21/3/30 | 25/3/30 | ...Hon.Ecoles Catho. Jor. | |
| 801 | Lagauchetiere | O.1111 | " | 5,700. | 4,000. | 9,700. | 14,500. | Idem | 22/7/30. | 24/7/30. | ...ston. Cie.demarie.H.Deca | |
| 45 | Parc Belmont, | p.1112- | 1113" | 14,650. | 17,350. | 32,000 | 57,428. | Idem | 15/9/30. | 17/9/3... | ...ke Jeffrey M'Durland. | JORON |
| 47 | " " | p.1113 | " | 24,900 | 66,000. | 90,900. | 160,000. | Idem | 14/8/30 | 2/9/30 | ...ard Howard Institute H. | DECARY |
| 51 | " " | p.1114 | " | 26,700 | 10,300. | 37,000. | 50,000. | Idem | 26/7/30. | 2/9/30. | ...ted Church of Can. | L.Joron |
| 46 | " " | 1111- | " | 109,000 | 21,000. | 130,000. | 200,000. | Idem | 8/11/30 | 8/11/30. | ...Andrew Home Incor. | H.Decary |
| 760 | Vitré | p.1015 | " | 19,500 | 16,500. | 36,000. | | | | | | |
| 766 & 768 | " | p.1015- | 1013" | 6,400. | 7,500. | 13,900. | | | | | | |
| 765 a 773 | St.Antoi. | 1017- | 1016" | 51,800. | 38,200. | 90,000. | | | | | | |
| 779 | St.Antoine. | 1014 | " | 33,800. | 18,700. | 52,500. | 500,000. | Idem. | 21/8/30. | 26/8/30 | ...o. W. Reed & Co. | L.Joron. |
| 781 | " | P.1011- | 1013" | 50,050. | 29,750. | 79,800. | 116,500. | Idem | 21/3/30. | 24/3/30. | ...neral Steel W.Ltd." | " |
| 881 | " | 1008) | | | | | | | | | | ( R.B.Hut- |
| 902 a 908 | Ste.Moniq. | p-1008 | " | 28,500. | 16,500. | 45,000. | 75,000. | Idem. | 11/11/30. | 14/11/30 | ...ast.Phil.Mechan.cheson.) | |
| 890 | St.Antoine, | p. 955 | " | | | | | | | | | |
| 898 | " | p. 958 | " | 38,600. | 40,000. | 78,600. | | | | | | |
| 902 | " | 959-1 | " | 14,000. | 3,500. | 17,500. | | | | | | |
| 897 | St.Jacques, | p. 957 | " | 32,150. | 4,850. | 37,000. | | | | | | |
| 891 & 893 | " | 956 | " | 32,750. | 11,900. | 44,650. | | | | | | |
| | Amelie St.Davis. | p954 | " | 2,750. | | 2,750. | 403,506. | Idem | 28/8/30 | 2/9/30. | ...ec.d.O.Gravel. | L.Joron. |
| 1678&1830 | St.Jacques | p.837 | " | 3,400. | 1,600. | 5,000. | 9,500. | Idem | | 11/2/30. | ...James S.Kirwan | H.H'So |
| 624 a 630 | St.Martin, | p.834 | " | 1,800. | 2,200. | 4,000. | | | | | | |
| 591 a 595 | R.Leroux | p.834 | " | 1,250. | 1,450. | 2,700. | | | | | | |
| 611 a 615 | St.Martin, | p. 411 | " | 2,250. | 1,750. | 4,000. | | | | | | |
| 621 | " | p.411 | " | 1,600. | 2,000. | 3,600. | | | | | | |
| 625 | " | 410 | " | 2,350 | 2,750. | 5,100. | 38,000. | Idem | 30/4/30 | 3/5/30 | ...Geo. Victor Mone | le.L.Joron |
| | A reporter, | | | 920,600 | 606,300 | 1,526,900 | 2,985,034. | | | | | |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

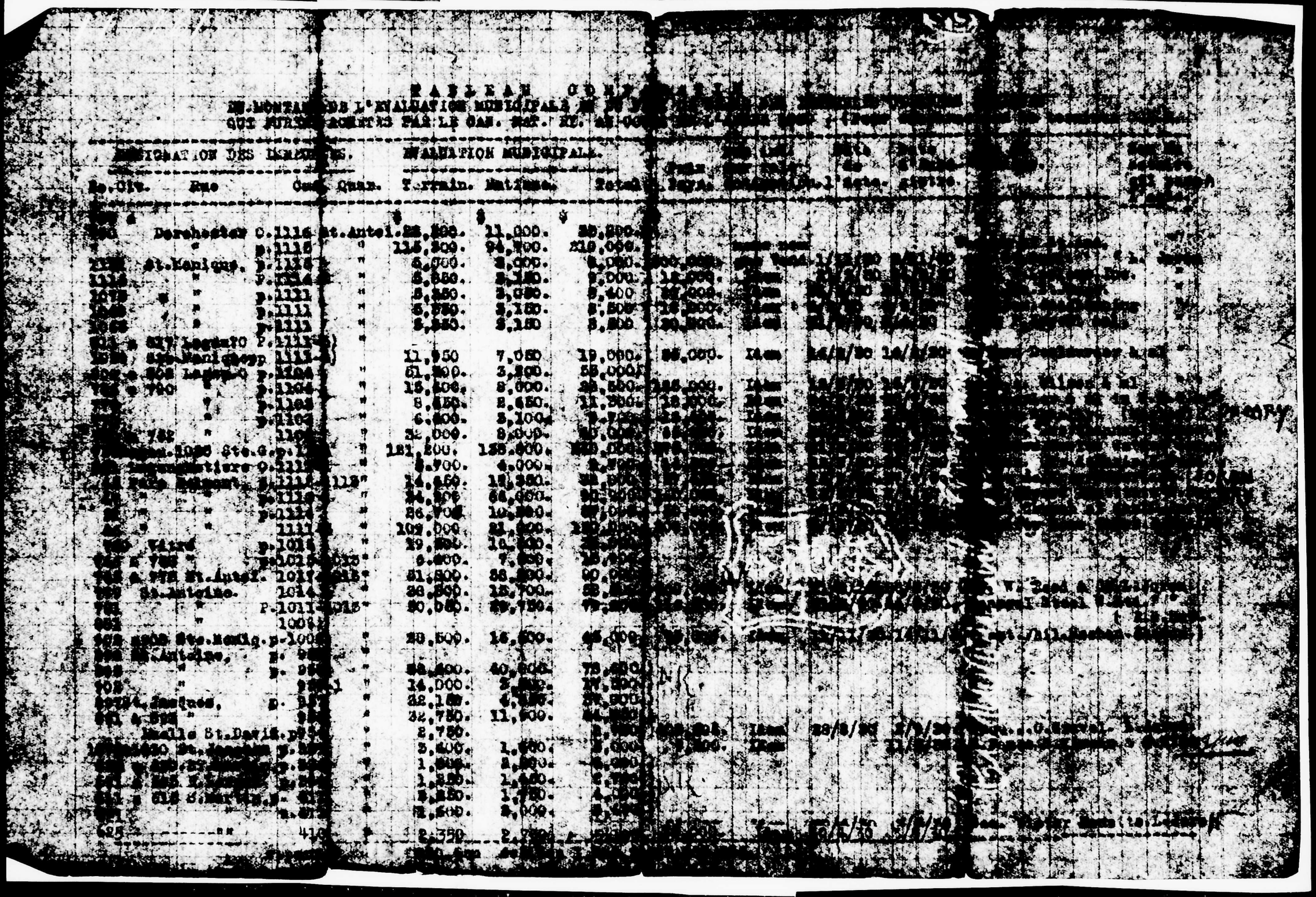
PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

POOR
COPY



PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

POOR
COPY



PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

POOR
COPY

T A B L E A U  C O M P A R A T I F

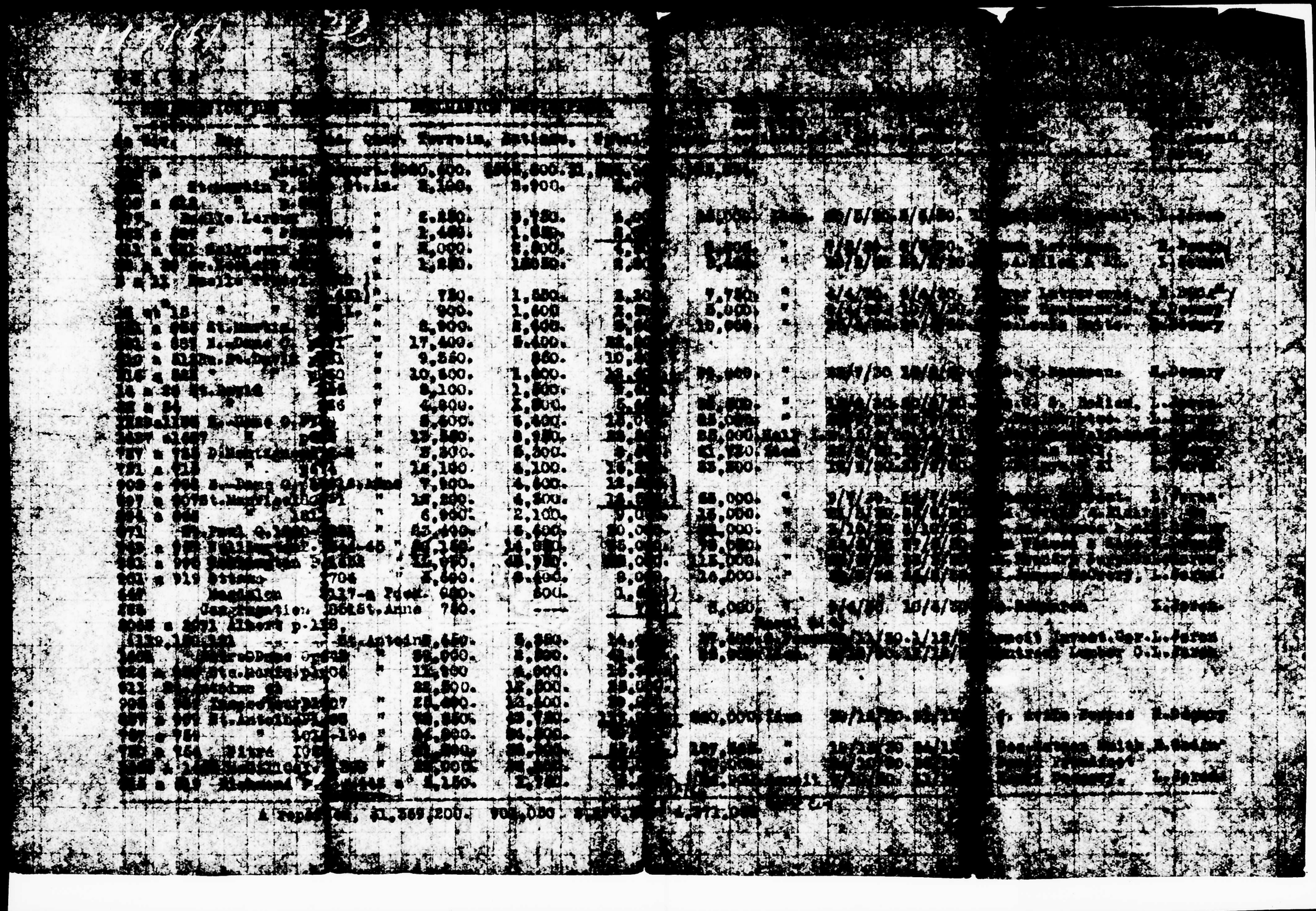
DU MONTANT DE L'EVALUATION MUNICIPALE ET DU PRIX DE VENTE DES IMMEUBLES CI-APRES INDIQUES QUI FURENT ACHETES PAR LE CAN. NAT. EXP. AU COURS DE L'ANNEE 1930 . (Pour construction au terminus C.N.R.

| DESIGNATION DES IMMEUBLES. | | | | EVALUATION MUNICIPALE. | | | Prix Payé. | Nom ind. sur role cotisation. | Date de l'acte. | Date d'Enregistre | Nom du Vendeur. | Nom du notaire qui passa l'acte. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No.Civ. | Rue | Cad. | Quar. | Terrain. | Batisse. | Total. | | | | | | |
| 786 a | | | | $ | $ | $ | | | | | | |
| 790 | Dorchester | C.1116 | St.Antoi. | 23,200. | 11,000. | 38,200. | | | | | | |
| " | " | p.1116 | " | 115,300. | 94,700. | 210,000. | | | | | | |
| 1121 | St.Monique, | p.1115 | " | 5,000. | 3,000. | 8,000. | 600,000. | meme nom que Vend. | 1/11/30 | 3/11/30 | Church of St.And. and St.Paul. | L. Joron |
| 1115 | " | p.1114 | " | 5,850. | 3,150. | 9,000 | 12,000. | Idem | 21/3/30 | 24/3/30 | Rev. T.Leclerc, Inc. | " |
| 1073 | " | p.1111 | " | 5,350. | 3,050. | 8,400 | 20,000. | Idem | 22/5/30 | 26/5/30 | Jos.St.Onge. | " |
| 1069 | " | p.1111 | " | 5,350. | 3,150. | 8,500 | 18,000. | Idem | 4/2/30 | 6/2/30 | Jos.Jno.Canning | " |
| 1065 | " | p.1111 | " | 5,350. | 3,150 | 8,500 | 20,000. | Idem | 21/5/30 | 3/4/30 | John P.Nugent &al, | " |
| 811 a 817 | Lagau.C | P.1111-5) | " | | | | | | | | | |
| 1059 | Ste.Monique | p 1111-5) | " | 11,950 | 7,050 | 19,000. | 35,000. | Idem | 14/6/30 | 16/6/30 | Wilson Deslaurier & al | " |
| 806 a 802 | Lagau.C | p.1104 | " | 51,300. | 3,700. | 55,000) | | | | | | |
| 786 a 790 | " | p.1104 | " | 15,600. | 8,000. | 23,600. | 125,000. | Idem | 13/8/30 | 15/8/30 | Geo.A. Wilson & al | " |
| 774 | " | p.1103 | " | 8,650. | 2,650. | 11,300. | 18,000. | Idem | 24/7/30 | 25/7/30 | D.Desarlet & al in T.G.C.R. | DECARY |
| 770 | " | p.1103 | " | 6,600. | 3,100. | 9,700. | 13,400. | Idem | 28/6/30 | 2/9/30. | Thomas Donally. (Marler) | H. DECARY |
| 750 a 752 | " | 1102 | " | 32,000. | 8,000. | 40,000. | 65,000. | Idem | 28/8/30 | 29/8/30. | Mme Ernest Jos.Shannon. | H.Deca |
| 759 | Lagau.1080 Ste.C. | p.1121 | " | 121,200. | 138,800. | 260,000. | 375,000. | Idem | 21/3/30 | 25/3/30 | Corp. Gen.Roman Cathe. | Jor |
| 801 | Lagauchetiere O. | 1111-5 | " | 5,700. | 4,000. | 9,700. | 14,500. | Idem | 23/7/30. | 24/7/30. | Napoleon. Cie.demarie. | H.Deca |
| 45 | Parc Belmont, | p.1112-1113 | " | 14,650. | 17,350. | 32,000 | 57,428. | Idem | 15/9/30. | 17/9/30. | Mme Ste Jeffrey H.Burland. | JORON |
| 47 | " " | p.1113 | " | 24,900 | 66,000. | 90,900. | 160,000. | Idem | 14/8/30 | 2/9/30 | Edward Institute | H.DeCARY |
| 51 | " " | p.1114 | " | 26,700 | 10,300. | 37,000. | 50,000. | Idem | 25/7/30. | 2/9/30. | United Church of Can. | L.Joron |
| 46 | " " | 1111-5 | " | 109,000 | 21,000. | 130,000. | 200,000. | Idem | 6/11/30 | 8/11/30. | St.Andrew Home Incor. | H.Decary |
| 760 | Vitré | p.1015 | " | 19,500 | 16,500. | 36,000. | | | | | | |
| 766 & 768 | " | p.1015-1016 | " | 6,400. | 7,500. | 13,900. | | | | | | |
| 765 a 773 | St.Antoi. | 1017-1016 | " | 51,800. | 38,200. | 90,000. | | | | | | |
| 779 | St.Antoine. | 1014 | " | 36,800. | 13,700. | 32,500. | 500,000. | Idem. | 21/8/30. | 30/8/30 | Geo. W. Reed & Co. | L.Joron. |
| 781 | " | p.1011-1015 | " | 50,050. | 29,750. | 79,800. | 116,500. | Idem | 21/3/30. | 24/3/30. | General Steel W.Ltd." | " |
| 881 | " | 1008) | | | | | | | | | | ( R.B.Hut- |
| 902 a 908 | Ste.Moniq. | p.1008) | " | 28,500. | 16,500. | 45,000. | 75,000. | Idem. | 11/11/30. | 14/11/30 | ( est.Phil.Mechan.cheson.) | |
| 890 | St.Antoine, | p. 955 | " | | | | | | | | | |
| 898 | " | p. 958 | " | 38,600. | 40,000. | 78,600 | | | | | | |
| 902 | " | 959-1 | " | 14,000. | 3,500. | 17,500 | | | | | | |
| 897 | St.Jacques, | p. 957 | " | 32,150. | 4,850. | 37,000 | | | | | | |
| 891 & 893 | " | 956 | " | 32,750. | 11,900. | 44,650 | | | | | | |
| | Amelie St.Denis. | p954 | " | 2,750. | | 2,750 | 403,506. | Idem | 28/8/30 | 2/9/30. | Emond.d.O.Gravel. | L.Joron. |
| 1878&1830 | St.Jacques | p.957 | " | 3,400. | 1,600. | 5,000 | 9,500. | Idem | | 11/2/30. | A.James B.Kirwan | C.H'Se |
| 624 a 630 | St.Martin, | p.534 | " | 1,800. | 2,200. | 4,000 | | | | | | |
| 591 a 595 | R.Lecroix | p.534 | " | 1,250. | 1,450. | 2,700 | | | | | | |
| 611 a 615 | S.Martin, | p. 411 | " | 2,250. | 1,750. | 4,000 | | | | | | |
| 621 | " | p.411 | " | 1,600. | 2,000. | 3,600 | | | | | | |
| 625 | " | 410 | " | 2,350 | 2,750. | 5,100 | 38,000. | Idem | 30/4/30 | 3/5/30 | Gen. Victor Mone | L.Joron |
| | A reporter, | | | 920,600 | 605,300 | 1,525,900 | 2,985,084. | | | | | |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

POOR
COPY



PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

POOR
COPY

SUITE

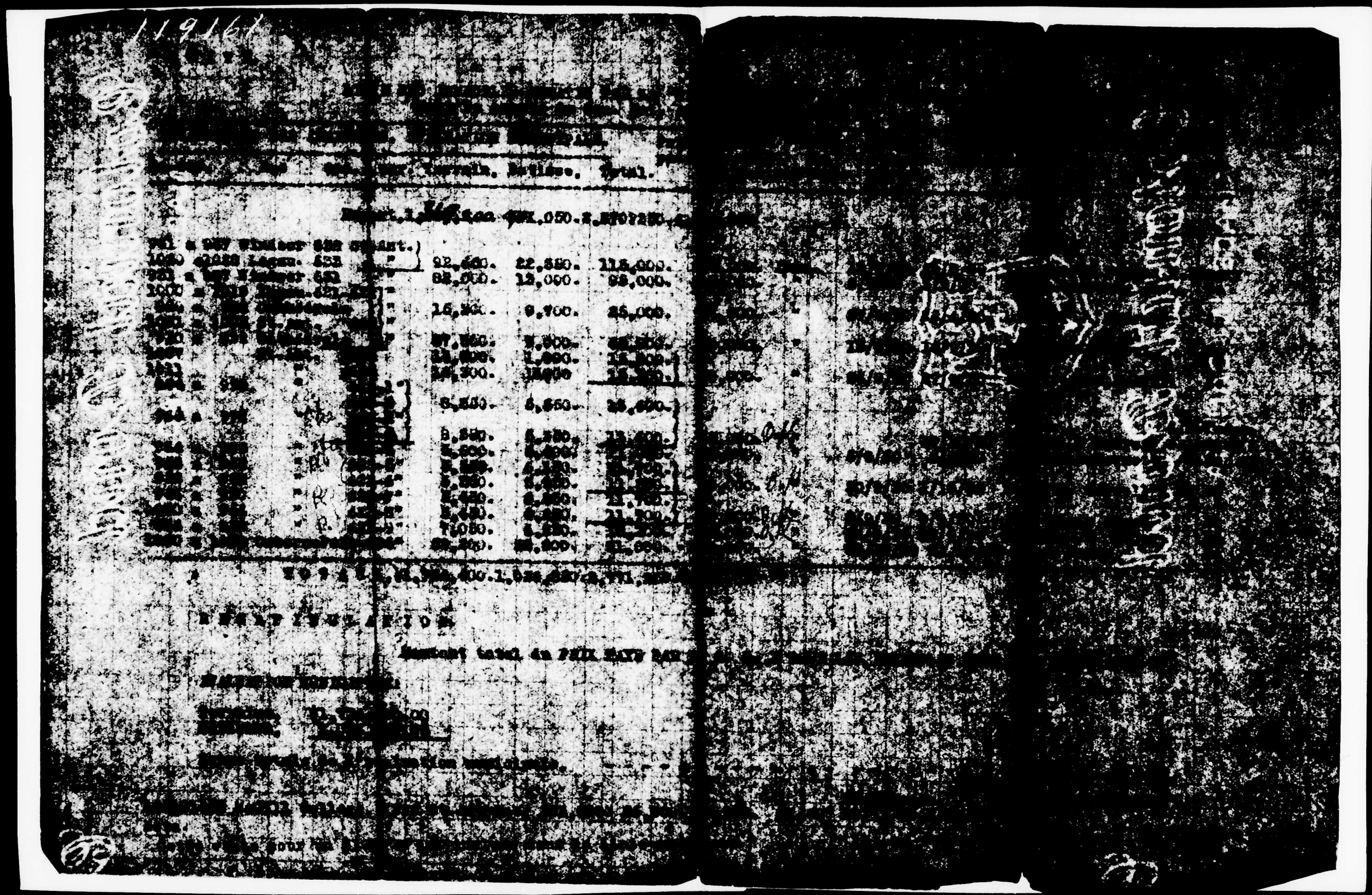


| DESIGNATION DES IMMEUBLES. No Civ. | Rue | Cad. | Quar. | EVALUATION MUNICIPALE. Terrain, | Batisse, | Total. | Prix payé. | Nom Ind. sur rôle cotisation. | Date de l'Acte. | Date d'Enrégistre. | Nom du Vendeur. | Nom du Notaire qui passa l'acte. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 614 a | p334) | Report. | | $980,600. | $605,300. | $1,525,900. | 2,985,634. | | | | | |
| 626 | St.Martin P.333) | St.An. | | 2,100. | 2.900. | 5,000. | | | | | | |
| 600 a 612 | " p.332) | | | | | | | | | | | |
| 577, | Ruelle Leroux" ) | | " | 2.250. | 3,750. | 6,000. | 35,000. | Idem. | 30/5/30. | 2/6/30. | Ulderique Gibeault. | L.Joron |
| 583 a 587 | " " P333-334 | | " | 1,450. | 1,350. | 2,800. | | | | | | |
| 611 a 621 | Seigneurs 303 | | " | 2,000. | 2,500. | 4,500. | 9,800. | " | 7/5/30. | 9/5/30. | Dame Levesque. | H.Decar |
| 28 a 30 | av.Leclerc 421-3 | | " | 1,250. | 1,050. | 2,300. | 5,434. | " | 20/2/30 | 24/2/30. | Vve.A.Pilon & Al. | L.Joron |
| 5 a 11 | Ruelle Trudel. 420 ) | | " | | | | | | | | | |
| | 421) | | " | 750. | 1,550. | 2,300. | 7,750. | " | 4/4/30. | 9/4/30. | Dame Latraverse, | H.Deca |
| 13 et 15 | " " P411. | | " | 900. | 1,600 | 2,500. | 5,000. | " | 9/4/30. | 10/4/30. | Arthur Boubonnais. | H.Decary |
| 651 a 655 | St.Martin. 406 | | " | 2,900. | 2,600. | 5,500. | 10,000. | " | 25/4/30. | 29/4/30. | Rec.Louis Ratto. | H.Decary |
| 881 a 887 | N.-Dame O. p461 | | " | 17,400. | 5.400. | 22,800. | | | | | | |
| 510 a 512 | Hu.St.David p461 | | " | 9,350. | 850. | 10,200. | | | | | | |
| 516 a 522 | " " p460 | | " | 10,600. | 1,800. | 12,400. | 79,000. | " | 22/7/30 | 15/8/30. | Chas. F.Ranseau. | H.Decary |
| 14 a 20 | St.David 445 | | " | 8,100. | 1,500. | 9,600. | | | | | | |
| 22 a 24 | " 446 | | " | 4,800. | 1,800. | 5,600. | 32,500. | " | 13/8/30. | 20/8/30. | Rec.C. S. Rodier, | L.Joron. |
| 1229 a 1233 | N.-Dame O. 2776 | | " | 8,600. | 6,400. | 15,000. | 25,000. | " | 26/9/30 | 27/9/30. | Jos.Racine,Ltee. | L.Joron. |
| 1627 a 1637 | " p412 | | " | 13,550. | 8,950. | 22,500. | 25,000. | Hall | I.C.15/9/30. | 14/11/30. | Davignan Dalfosse | H.Decary |
| 727 a 735 | D.Montmagnep 72-3 | | " | 3,300. | 5,300. | 8,600. | 21,720. | Idem | 28/8/30. | 29/8/30. | Nicholas Méti, | H.Decary |
| 721 a 715 | " p674 | | " | 12,100 | 4,100. | 16,200. | 33,300. | " | 18/9/30. | 22/9/30. | Hon.P.Loye & Al | L.Joron. |
| 902 a 906 | N.-Dame O. 1818. | Anne | | 7,900. | 4,600. | 12,500. | | | | | | |
| 897 a 907 | St.Maurice 1000-1 | | " | 12,200. | 4,300. | 16,500. | 53,000. | " | 9/7/30. | 15/7/30. | Antonio Prévost. | L.Joron |
| 894 a 896 | " 1811 | | " | 6,900. | 2,100. | 9,000. | 16,000. | " | 21/8/30. | 26/8/30. | Rod. Ovila A.Richard. | do |
| 871 | St.Paul O.1820-1821 | | " | 23,400. | 6,600. | 30,000. | 48,000. | " | 3/10/30 | 6/10/30. | Hon.An.J.Dawes & al | H.Décary |
| 949 a 957 | Wellington 1644-45 | | " | 20,150. | 14,950. | 35,000. | 73,050. | " | 26/5/30 | 27/5/30. | John Watson & Sons | H.Décary |
| 981 a 993 | Wellington 1652 | | " | 15,050. | 43,950. | 59,000. | 115,000. | " | 23/5/30 | 28/5/30. | Dom.Foundry Supp.Co. | L.Joron. |
| 901 a 919 | Ottawa 1704 | | " | 4,600. | 3.400. | 8,000. | 16,000. | " | 21/8/30 | 26/8/30. | Est.James McCrory, | L.Joron. |
| 647 | Magdalen 1117-a | Ruel. | | 900. | 600. | 1,500. | | | | | | |
| 226 | Congregation 1051 | St.Anne | | 750. | ---- | 750. | 8,000. | " | 9/4/30 | 10/4/30. | Wm.Newmarch | L.Joron. |
| 2063 a 2091 | Albert p.118, | | | | | | | | Raoul & t) | | | |
| (119,120,121 | -- -- | St.Antoine | | 8,650. | 5,350. | 14,000. | 27,400. | O.Pesan | 29/11/30. | 1/12/30. | Benoit Invest.Cor. | L.Joron |
| 1601 | Notre-Dame p423 | | " | 39,000. | 2,500. | 41,500. | 85,000. | Idem. | 8/12/30. | 11/12/30. | Montreal Lumber C. | L.Joron |
| 924 a 930 | Ste.Moniq.p406 | | " | 11,900 | 4,000. | 15,900. | | | | | | |
| 911 | St.Antoine et | | | 22,500. | 12,500. | 35,000. | | | | | | |
| 905 a 937 | Inspecteur p407 | | " | 25,400. | 13,600. | 39,000. | | | | | | |
| 887 a 909 | St.Antoine 1408 | | " | 73,250. | 43,750. | 117,000. | 360,000. | Idem | 30/12/30. | 31/12/30. | J. Avila Perras | H.Décary |
| 757 a 759 | " 1414-15a | | " | 24,800. | 24,200. | 49,000. | | | | | | |
| 750 a 754 | Vitré 1926 | | " | 21,700. | 33,300. | 55,000. | 137,365. | " | 19/12/30 | 24/12/30. | Geo.Watson Smith. | E.Godin |
| 1456 & 1458 | McGill 1398 | | " | 23,000. | 22,000. | 45,000. | 70,000. | " | 24/10/30. | 28/10/30. | David Proudfoot | |
| 515 a 519 | Richmond P.439-442 | | a" | 5,150. | 1,750. | 6,900. | 36,900. | Benoit | 9/10/30. | 11/10/30. | Henri Decary, | L.Joron. |
| A reporter, | | | | $1,369,200. | 901,050 | 2,270,250. | 4,371,053 | | | | | |

MEIGHEN PAPERS, Series 5 (M.G. 27, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

POOR
COPY



PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

POOR
COPY

S U I T E.

LISTE DES IMMEUBLES ACHETÉS PAR LA "TITLE GUARANTEE & TRUST CORPORATION" (Limited) Deeds (Réalisme)
pour le compte du Can. Nat. Railways (In Trust)

| DESIGNATION DES IMMEUBLES. | | | | EVALUATION MUNICIPALE. | | | Prix payé | Nom ind. sur rôle | Date de l'estimation | Date d'enregistre. | Nom du vendeur. | | Vol. et folio du registre (If passed) l'acte. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No-civ. | Rue | Cad. | Quar. | Terrain, | Batisse, | Total. | | | | | | | |
| | | | Report, | 1,367,400 | 401,050 | 2,870,250 | 4,271,053 | | | | | | |
| 941 a 947 | Windsor | 632 | St.Ant.) | | | | | | | | | | |
| 1020 a 1028 | Lagau. | 628 | " | 92,350. | 22,350. | 115,000. | 250,000. | Item. | 19/9/30 | 29/9/30 | Kay Shoe M.Morgan H.McCary. | | |
| 931 a 937 | Windsor | 631 | " | 82,000. | 13,000. | 95,000. | 210,000. | " | 2/9/30 | 3/9/30 | [illegible] Vineberg Inv. | | do |
| 1008 a 1010 | Lagau. | 621-622 | " | | | | | | | | | | |
| 980 a 982 | Cathédrale | | " | 15,350. | 9,700. | 25,050. | 54,000. | " | 27/4/30 | 28/4/30 | [illegible] J. McCrory et al | | do |
| 1001 a 1005 | St.Ant. | 626 | " | | | | | | | | | | |
| 910 a 922 | Cathédrale | | " | 37,600. | 9,000. | 46,800. | 70,000. | " | 15/9/30 | 16/9/30 | [illegible] J.Fleet. | | do |
| 1007 | St.Ant. | p625 | | 14,600. | 1,000. | 15,600.) | | | | | | | |
| 1011 | " | p625 | | 14,300. | 1,000 | 15,300.) | 30,000. | " | 26/9/30 | 27/9/30 | [illegible] Art.O.E.Rudell | | do |
| 974 a 978 | " | | 623-1 | | | | | | | | | | |
| | | | 623-2 | 5,250. | 5,350. | 13,600.) | | | | | | | |
| 968 a 972 | " | | 623-3 | | | | | | | | | | J.H.Trépa- |
| | | | 623-4 | 8,250. | 5,350. | 13,600.) | 35,000. | O/K | | 10/10/30 | [illegible] J.McCrory | | nier |
| 964 a 966 | " | | 623-5 | 5,600. | 5,400. | 11,000. | 25,000. | " | 5/9/30 | 6/9/30 | [illegible] Nat.McDermott, | | H.McCary. |
| 958 a 962 | " | | 623-6 | 5,550. | 6,150. | 11,700.) | | | | | | | |
| 952 a 956 | " | | 623-7 | 5,350. | 5,950. | 11,300.) | 40,000. | O/K | 30/9/30 | 1/10/30 | [illegible] H. Carroll & al | | do |
| 946 a 950 | " | | 623-8 | 5,450. | 6,250. | 11,700.) | | | | | | | |
| 940 a 944 | " | | 623-9 | 5,450. | 6,250. | 11,700.) | 50,000. | O/K | 8/9/30 | 9/9/30 | [illegible] Louis Simon | | do |
| 934 a 938 | " | | 623-10 | 7,050. | 6,250. | 13,300. | 35,000. | O/K | 26/9/30 | 27/9/30 | [illegible] Jos. D. Major) | | do |
| 1000 a 1006 | Osborne | P634-635 | " | 58,200. | 32,800. | 91,000. | 150,000. | " | 31/10/30 | 31/10/30 | [illegible] Drury. | | do |
| | | | TOTAUX, | 1,734,400. | 1,036,850. | 2,771,250. | 5,400,053.00 | | | | | | |

R E C A P I T U L A T I O N.

Montant total du PRIX PAYE PAR LE C. N. P POUR LES IMMEUBLES AUSSI [illegible] $5,400,053.00

EVALUATION MUNICIPALE:

Terrains, $1,734,400.00
Bâtisses, 1,036,850.00

Somme totale de l'evaluation municipale, - - -

119162

O. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
OF THE ONTARIO BAR
MELVILLE B. GORDON
CHRISTOPHER ROBINSON
OF THE QUEBEC BAR

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

CABLES
LAURENTIAN, OTTAWA
TELEPHONE 2-2466

OUR FILE No. 2090-1.

May 12, 1938.

9/

Rt. Hon. Arthur Meighen, P. C.,
The Senate,
Ottawa, Ont.

Dear Senator Meighen:

I enclose a memorandum on the subject of a suggestion I have received from Mr. Allan G. McAvity, M. P., to whom I have written saying that so far the Senate Committee has not considered any proposals for effecting economies except those which have been investigated by the Joint Co-operative Committee.

I am sending a copy of the memorandum to Senator Dandurand as I doubt if the Committee can usefully go into specific proposals for economies which have not been considered by the railway or railways concerned.

Yours very truly,

BMMc

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119163

MEMORANDUM

C. N. R. Freight to Saint John

Mr. Allan G. McAvity, M.P., has written me at some length on the subject of the routing by the C.N.R. of freight for Saint John through to Moncton and thence first to Saint John and afterwards to Fairville, instead of direct into West Saint John from McGivney Junction through Fredericton. This latter routing he says was recommended in the Gibb Report and would effect an operating economy. Mr. McAvity asks that the information be put before the special Senate Committee and adds that he would like to be present and obtain permission to put some questions on the subject to the witnesses.

O.M.B.

May 12, 1938.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

T. E. KAISER, M.D.
45 King St. E.

Oshawa, Ont. May 15 1938

Rt Hon. Arthur Meighen
Senate
Canada.

Dear Sir,

Would you kindly send me Senate Report of your speech on Beauharnois Resolution re Railways

Yours truly
T E Kaiser

**Why Not a Grand Slam?**

Editor of The Times.
Dear Sir:

As a former Conservative member of the House of Commons, my opinion is that in the "new deal" we require to hold a no-trump hand with four aces at the head:

Spades (a)—New name—National Conservatives.

Hearts (b)—Meighen for Leader.

Diamonds (c)—Money: $500,000, i.e., 1,000 Tories at $500 each. Count me one.

Clubs (d)—Management of railways under unified system.

Gunshot policies never won anything for the Conservative Party. We never missed a target with a big-game rifle, as witness Confederation—National Policy—Protection—Reciprocity. Canada needs only one plank in a new platform—railway consolidation. Thus equipped, we can bid "3 No Trump" and get two overtricks.

T. E. KAISER.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

T. E. KAISER, M.D.
45 King St. E.

Oshawa, Ont. May 15 1938

Rt Hon. Arthur Meighen
Senate
Canada.

Dear Sir,

Would you kindly send me Senate Report of your speech on Beauharnois Resolution re Railways

Yours truly
T E Kaiser

**Why Not a Grand Slam?**

Editor of The Times.
Dear Sir:

As a former Conservative member of the House of Commons, my opinion is that in the "new deal" we require to hold a no-trump hand with four aces at the head:

Spades (a)—New name—National Conservatives.

Hearts (b)—Meighen for Leader.

Diamonds (c)—Money: $500,000, i.e., 1,000 Tories at $500 each. Count me one.

Clubs (d)—Management of railways under unified system.

Gunshot policies never won anything for the Conservative Party. We never missed a target with a big-game rifle, as witness Confederation—National Policy—Protection—Reciprocity. Canada needs only one plank in a new platform—railway consolidation. Thus equipped, we can bid "3 No Trump" and get two overtricks.

T. E. KAISER.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

# Montreal Daily Herald

Established 1811

| | | |
|---|---|---|
| Montreal and Suburbs - - - - - | 60 cents per month; | $6.00 per annum |
| Country (in Canada) - - - - - | 30 cents per month; | $3.00 per annum |
| U.S.A., Great Britain and Ireland | 35 cents per month; | $4.00 per annum |
| Other Countries (postage extra) | | $8.00 per annum |

The Montreal Herald is printed and published by The Herald Publishing Company Limited. (D. McT. Martin, secretary-treasurer), at its office, 265 Vitre St. West.

MONDAY, MAY 16, 1938.


## Why Railways Cannot Prosper

THE Board of Railway Commissioners at Ottawa have given out their reasons for refusing the railway companies permission to abandon certain lines in the interest of economy — lines on which they are losing money because the people use other means of transport.

The reasons are various, but as we read them they mostly centre around the fact that the people who live in the districts through which the branches run wish to keep these lines as a standby service.

If something too big for trucks is shipped in the railway is very handy. If the highways are blocked by spring thaws or winter snows it is nice to have the railroad to fall back on.

On such a basis the railroads have drawn closer and closer to the starvation line in the last 15 years.

* * * * *

FOR years the railways have been clubbed and for years their position has been steadily growing worse, and still we need them.

They have been clubbed by arbitrary rate structures and by being forbidden a free hand in bidding for business while their competitors have had all the freedom in the world. They have been handicapped by labor restrictions from which their competitors have been free, and they have been clubbed by unnecessary railway competition enforced by the state.

Now they are being clubbed by administrative orders compelling them to give service on lines the people only want as a standby, and despite the fact that these lines are operated at a heavy loss.

Real statesmanship should concern itself with plans for saving the rails for those who are willing to pay what the service is worth, not in imposing impossible burdens with the excuse that rails were once good profit makers.

## The Limitations Of The Radio

THERE is unlimited pulp in the forests, waiting to be turned into newsprint. Natural forces set no limits to the production of ink or linotypes or presses. But there are only a certain number of wave-lengths on the broadcasting band.

These statements apparently have no connection, but put them together and they add up to this — our vaunted freedom of the press cannot be extended to radio broadcasting.

* * * *

ANYONE


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THE HERALD
TELEPHONES
LAncaster 5181
Connecting all Depts

Nights, Sundays and Holidays
Advertising Department LAncaster 1
Editorial LAncaster
Circulation LAncaster

TOMORROW: Sun Rises 5.23
" Sun Sets 8.18 E.D.T.

PRICE TWO CENTS

# ...ates Wind-up ...n Campaign

## ...ing In St. Ann's Light

St. Ann's Ward by-election was light this ...o returning officers, and on account of the ...reats of showers, the vote is expected to re-

...n opened at eight o'clock this morning, will ...k this evening.

... is to fill the vacancy created at the death ...onnell, former dean of the City Council, who ...s for years.

### ...ion Asks ...torate to ... Healy at ... Speakers

...ampaign for ... in today's, ...n ward was ...a close with ... J. Hushion, ... and almost ...akers in St. ...Hall, Orleans

... the capacity ...sending Mr. ...uncil so that ... have aid in ...ds. He out- ... career and ...n there was ...ted for the

... Mr. Healy ...s for a new ...ould demand ...unds, parks ...ks programs ... been much ...s ward. He ... for forming ...s and prop- ... that their ...r heard. ...elt most- ... for a ...em-

### *Election Being Fought on Local Issues Contends D'Arcy O'Connell in Last Campaign Speech*

The D'Arcy O'Connell campaign for the aldermanic seat left vacant by his late father, Thomas O'Connell, ended last night with a meeting in the St. Ann's Hall with approximately 1,000 persons acclaiming over a score of speakers.

Reiterating his stand that no political issues were at stake and that the campaign was merely local, the candidate stressed that he could make no promises impossible of fulfilment, but guaranteed to the electors that he would do his utmost to forward those projects supported by his late father.

Included in this category were improvements to the approach of the Wellington street tunnel, better lighting, re-arrangement of the tunnel sidewalks, lay labor for all public works, co-operation with any housing scheme approved by the Metropolitan Commission, and the general betterment of the ward.

The intrusion of politics into the campaign was decried by several speakers, Frank L. Connors, M.L.A., describing it a regrettable instance unknown in former municipal ward elections.

Michael Pierson declared that ...e ward had more playgrounds ... any other in the city and ... people required work and ... works rather than ...omised by the

# Wage Law Latitude At Outset

### Re-Adjustment is Allowed But Inspectors Will Check on Infractions

## Order In Force

A certain amount of latitude in application of Ordinance No. 4 of the Quebec Fair Wage Board which became effective yesterday, will be allowed in special instances as a means of permitting re-adjustment where a hard-and-set wage rule is not applicable, official sources hinted this morning.

However, it was stressed, the inspectors in charge of enforcement of the ruling will not be lax in seeking redress for the employee where downright violation is found. Inspectors are now getting ready to check into all angles of complaints which it is expected will be received from employees since the ordinance went into effect.

**MANY PROTESTS.**

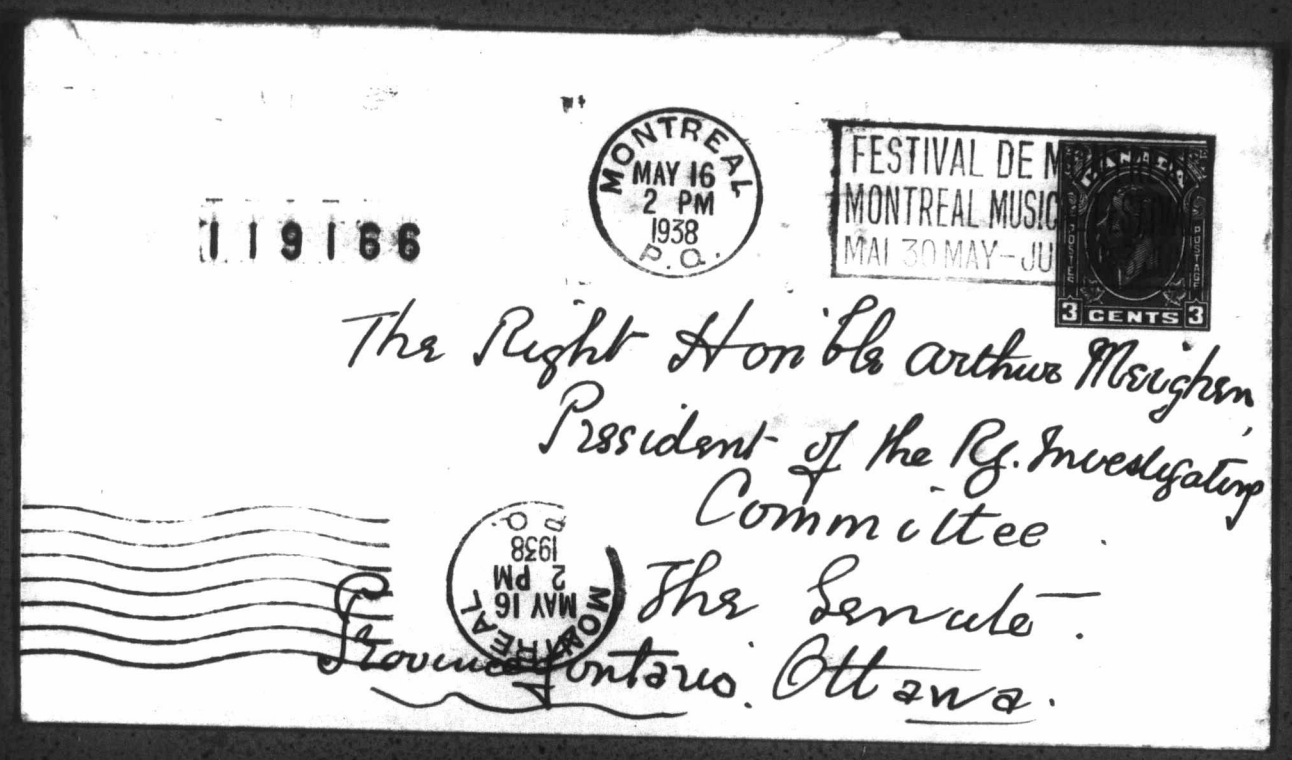
Following numerous protests by the Montreal business community against article 63 of the ordinance, a last minute amendment has been made in view of the many difficulties which its application presented.

The amendment empowers the board to authorize reductions in the rates of wages specified in the two preceding articles. Article 61 specifies that rates already fixed on January 1, 1938, if higher than the rates fixed by the ordinance, must be maintained. Further, it provides for payment of the same wage for those who replace employees in the same work. Article 62 is that which specifies time-and-one-half as the basic time for overtime.

Clauses 61 and 62 had been much criticized by some business people on grounds that their application would prevent any pay increases because the employer would be forced, should an employee resign, to pay a new employee taking his ...lace the same wage as he was

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA




MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119167

320 Bay St. Toronto,
May 16, 1938.

9/
Re Passes

Messrs. Finley, Smith & Co. Limited,
St. Helen & Recollet Sts.,
Montreal, Que.

Dear Sirs:

I have your letter of 14th. Am going to give some consideration to this matter, and will endeavour to have a talk with Senator Dandurand on the subject. Personally I can say I am in thorough agreement with your point of view.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119168

FINLEY, SMITH & Co. LIMITED
WOOLLENS AND TAILORS TRIMMINGS
WHOLESALE

CABLE ADDRESS "THORELLA"
A.B.C. CODE USED, 5TH EDITION

CORNER OF
ST. HELEN & RECOLLET STREETS

Montreal, May 14th, 1938.

The Right Honourable Arthur Meighen,
The Senate--Parliament Buildings,
Ottawa, Ontario.

Dear Sir:-

The writer has been reading the reports on the Railway discussion in the Senate which have appeared from day to day in the newspapers, but there is one point which is seldom, if ever, mentioned, and that is the question of "Passes". We believe that the matter has been given a certain amount of attention in recent years but not nearly enough. The loss of Revenue to both Railways from this source runs into many, many thousands of dollars.

In our opinion, there is no more reason why anybody (and that means employees of the Railways as well) should get free transportation than that the grocer or butcher should give his merchandise free to his employees. The Railway's stock-in-trade is transportation and everybody should pay for it. If one mentions this fact to a Railway man he is immediately told that the "Pass" is part of his salary but, why should it be, when they are paid as good or better salaries than any other class of workers in the country.

We hardly think it is necessary to cite examples as the Railway Officials know only too well what the situation is but, for your information, we will tell you what is going on in and around Montreal--the sub-urban trains out of Montreal carry a very large percentage of employees with passes. At this time of the year, the 5:15 train leaving Montreal from the Tunnel Terminal carries many of the employees and they are not at all interested whether paying passengers have accomodation or not. The same thing applies to the train arriving in Montreal at 8:46 in the morning. In addition to this, we find on both Lake Shore and St. Eustache lines children attending Universities using passes. The Maritime Express going though St. Hyacinthe on Friday about 5:00 o'clock carries wives of employees who do their marketing there, using passes and occupying space to the disadvantage of paying passengers. To our knowledge, the same thing applies in the region of Moncton, N. B., and no doubt, exists throughout the entire country.

Why not take up this question seriously and fearlessly and do away with all "Passes".

Yours very truly,
FINLEY, SMITH & CO. LIMITED
VICE-PRESIDENT & MANAGING-DIRECTOR
W. H. R. DENMAN

D/VG

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119169

Ottawa,
May 17, 1933.

Mr. S. T. Malkin,
Orrville, Ont.

Dear Sir:

Thank you very much indeed for your letter of 16th regarding the Railways. This is about as important information as I have had in the course of this investigation.

Would you please let me know just what your authority is for the percentages you give. Did you get them out of the Dominion Statistics? I would like to be able to check the figures before using them.

Yours very truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Ans'd desk
#9

Orrville Ont
May 16/38

Hon Jno Meighen
Ottawa

Dear Sir:-

As I am a conservative I wish to call your attention to the following item which may not be news to you. namely. The C. N. Ry employs 3 3/10 p the mile. and The C. P. Ry employs p the mile are 2 7/10. The average wage on the C. N. Ry is according to the official pay roll for 1937. $1482 per annum. This difference means the C. N. Ry cost $889.00 per mile more than the C. P. Ry or a total of approx $21.000,000. and a surplus of employes of 13.920 persons. Being 6/10 more than the C. P. Ry for every mile of the C. N. Ry which operates over 23.000 miles

yours very truly
S. J. Malkin

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119171

#9

Ottawa,
May 19, 1938.

J. S. Gillies, Esq.,
Gillies Bros. Ltd.,
Braeside, Ont.

Dear Mr. Gillies:

I duly received your very interesting letter of 17th May. The case you present is very clearly and forcefully stated.

I have not the least doubt you are correct that the great cause of the present disparity of transportation charges as compared with earlier rates is due to heavier labour charges, and that these in turn are attributable to strength of the Unions. One cannot deny to labour the right to unionize, but there does flow from it an artificial situation as to wages, where very decided unfairness exists between the returns to labour capable of unionization and the returns to labour not thus capable. In the latter class I place particularly farmers. When and how the solution of this situation is to be brought about is more than I can even offer an opinion upon.

Memoranda have been placed before me containing analyses which go to show that the farmer pays to labour engaged in the transportation of his products and in the carrying to him of his requirements as much per hour as he himself (on the average for Canada) earns per day.

Frankly though, I do not believe we can cover the subject in the present Committee. The purpose of the Committee is to find some relief for the C. N. R's financial burden, and, while this subject is directly related to it, it is not peculiarly a C. N. R. subject, and the Committee won't have time to cover all the required ground anyway. If there is time, I think you can depend upon an effort to get somewhere even on this phase.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0.19172

J.S.GILLIES, PRESIDENT. J.A.GILLIES, VICE-PRESIDENT. D.A.GILLIES, SECRETARY & TREASURER.

# GILLIES BROS. LIMITED.

## LUMBER MANUFACTURERS

ESTABLISHED 1873

Braeside, Ont. CANADA. May 17th, 1938.

The Honourable Arthur Meighen,
Senate Chamber,
Ottawa, Ontario.

Dear Sir:- Re - Railroad Enquiry.

May I submit a few figures from the point of view, not of a railway man but of the manufacturer who pays the freight. Below I give a few items showing the increase in freight rates on lumber from the Ottawa Valley during the time I have been connected with this business:-

| Braeside to - | | | 1890. | 1938. | Per-centage |
|---|---|---|---|---|---|
| Montreal | $ 1.50 per M | = | 6 ¢ | 15⅜¢ | 250 % |
| Syracuse | 2.35 " " | = | 9 | 23 | 250 % |
| New York | 3.00 " " | = | 12 | 33 | 275 % |
| Brockville | 1.00 " " | = | 4 | 12 | 300 % |

Below are lumber prices for all lumber in Canada (taken from the Dominion Bureau of Statistics) for the following periods:-

| 1908-1914 | 1908-1933. | 1932. | 1935. | 1937 |
|---|---|---|---|---|
| $ 15.95 | $ 22.00 | $ 14.85 | $ 16.11 | Say $18.00 |

1935 is the last census figures I have but I think that $2.00 per M would cover the increase since then.

From this you can see that the 1932 prices were below the prewar prices while the present day price is less than 20% above prewar prices while freight rates show from 250 to 300% increase.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119173



The increase in freight rates on lumber were quite gradual prior to the McAdoo Award in the United States, made during war times, when rates and wages were doubled over night. There was later approximately 10% reduction from the peak wartime freight rates but in the United States five percent (5%) of this has been recently re-instated.

Our own trade in White Pine sawn lumber, due largely to the high freight rates on Eastern Canada lumber as compared with the rates on Pacific Coast lumber to our markets, is confined to the area out-lined by Detroit, Cincinnati, Pittsburgh, Philadelphia, New York, Boston and Montreal. In this territory lumber freight rates from Braeside to the various important markets run from 1.2¢ per ton mile to 2.35¢ per ton mile with an average of say 1.8¢ per ton mile.

Freight rates on lumber from the Pacific Coast to this territory run from .56¢ per ton mile to .70¢ per ton mile and seems to have an average of .6¢ per ton mile so that our lumber per ton mile is paying three times what the pacific coast lumber is paying to the same markets. If the blanket rate on Pacific coast lumber to points east of Detroit is considered separately (85¢ to Detroit - 95¢ to New York) the railways are hauling lumber from Buffalo and Detroit to New York City on the basis of .27¢ per ton mile, or about one-sixth of what they are charging from the Ottawa Valley for similar distances.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

These low rates on west coast lumber are doubtless made to compete with water rates but this is grossly unfair to the interior mills in eastern Canada. If the railroads can profitably haul lumber from the Pacific Coast to the Atlantic at .6¢ per ton mile it would seem that the Ottawa Valley rate of 1.8¢ per ton mile is grossly out of line. I understand that the average rate on all traffic is in the neighborhood of 1¢ per ton mile, and considering that lumber is a low priced and slow moving commodity, and in one of the lower class rates, this comparison further accentuates the unfairness of the Ottawa Valley Lumber rates.

RE WAGES:- In the 1890's and 1900's the wages of railway men and of lumber men were approximately the same, many men worked in the woods in the winter and on the railroads in the summer (the summer was then the busy railroad season - even more so than now), but since the McAdoo Award (when railroad rates were advanced perpendicularly) this relative position of the two industries no longer exists and the railway men from the point of view of wages and work done are in a preferred class and away beyond anything the lumberman or farmer can pay. Keep in mind that lumber is a basic industry and vitally dependent on export trade while the railway is a sheltered industry. Increases in railway wages and railway freights are due to trade unions on the one hand and to political pressure on the other. Without the export trade of our basic commodities the railways in Canada, and the country as a whole, would have a very lean time.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119175

In some high-priced commodities figures may be submitted by the railway protaganists to show that the freight paid has no great effect on the selling price delivered to the consumer, but on low priced commodities, such as lumber, freight rates are a very high percentage of the final cost and low and equitable freight rates are an absolute necessity to this trade. Further, the timber holder is entitled to the benefit of his geographical situation and should not be robbed of the value of his standing timber by discriminatory freight rates.

From a layman's point of view the freight rate situation in North America has never had any logical basis, being worked out on the principle of "all the traffic will bear". One of the results of this policy is that the railroads are attempting to meet water competition at the expense of traffic originating in interior points.

My point is that each method of transportation, ocean shipment, canals, railroads, trucks, aeroplanes, have ~~their~~ their own place. Each method of transportation should pay both the capital cost and the maintenance cost of the improvements required - canals, dredging, harbors, railroads, motor roads, air dromes, etc., and should be allowed to enjoy what traffic it can legitimately command on these conditions. The Governments should discontinue bonus subventions or government assistance of any kind direct or indirect and let each industry stand on its own feet and its own costs and the different methods of transport would eventually adjust themselves on a natural basis.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119176



In the case of the railroad, freight rates should be figured for each class of traffic on a mileage basis. This would releive the Governments and the railroads of any special freight concessions as between provinces, towns, or industries, the only thing to be taken into consideration being the facilities and services provided by the forwarder and the distance the freight is hauled.

You doubtless have available all the railway figures as to the cost per ton mile, rate of wages, etc., and can check up my figures but in a rough way they are reasonably correct and I trust you can arrange that rates on lumber on our territory should be placed in line with those from competing sections based on the distance from market.

As to the remedy for the railroad situation in Canada I can see nothing but the old-fashioned method of economy, shutting down the duplicate and unprofitable lines, and using busses and trucks where the traffic warrants instead. Cut down expenses, including wages, and put costs in line with the basic industries. Do the same in Government spending. It is wonderful what can be done when necessity forces us to it as the lumber trade well knows through bitter experience.

Yours truly,

J. S. GILLIES.

JSG:MBA.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

#9

Orrville Ont
May 20/38

L 19177

The Hon. A. Meighen

Ottawa

Dear Sir:

In reply to your letter 17 May Ont
19th re enquiry as to my authority for
computation Re C.N.Ry + C.P.Ry
The Financial Post copies from 1937 Stat= of
C.N.Ry.
From memory a. N.Rys 3 3/10 per mile

Mileage 23500
No of Employes over 79000
Pay Roll 1937 over $417.000 000
C.P. Ry 2 7/10 Pr mile
Mileage over 17 000 $889 Per mile on
Employes 48.000 C.N. over C.P.

However in a few days I will send you
a report from The Financial Post
and " C.Pac. Ry Montreal
to have union Sh Rys. and do away with
these terrible deficits. I will do almost anything.

yours truly
A. J. Maclean

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

11

#9

D.19178

# The Senate of Canada

COMMITTEES BRANCH

A. H. HINDS,
CHIEF CLERK OF COMMITTEES

J. O. A. ROY,
ASST. CLERK OF COMMITTEES

PLEASE QUOTE FILE NO.

OTTAWA, 21st May, 1938.

Ottawa
Mr. Mc's desk

Dear Mr. Meighen:-

Herewith copy of proceeding No. 10 on the Railway Situation, at page 416 of which will be found Exhibit No. 49, followed by Exhibits A to J, referred to therein, filed by the C.P.R. on Wednesday last, re economies possible by unification under private management.

This Exhibit will doubtless loom large in Sir Edward's evidence on Tuesday.

A typwwritten copy of the proceedings of Thursday last (No. 11 minus the Exhibit) is also enclosed. The printed copy is not yet available.

Yours faithfully.

A. H. Hinds

The Right Honourable Arthur Meighen, P.C., K.C.,
Toronto, Ontario.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119179

320 Bay St. Toronto
May 21, 1938.

#9

Mr. Alexander C. Hall,
22 King St. E.,
Oshawa, Ont.

Dear Mr. Hall:

I have your letter of 19th.

I do not think the figures now as to Passes would differ substantially from those reported in the Duff Commission. We may be able, however, to get some more recent data at this enquiry.

Yours very truly,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

LAW OFFICES OF

ALEX. C. HALL & HENRY

119180

ALEX. C. HALL, B.A.
EDWIN M. HENRY, B.A.

22 KING ST. E., OSHAWA - [redacted]
CANADA

TELEPHONES
OFFICE: OSHAWA 153
" WHITBY 485
RES: OSHAWA 640
" WHITBY 864

May 19th 1938.

The Rt. Hon. Arthur Meighen,
Parliament Buildings,
Ottawa, Ont.

Dear Mr. Meighen,

For some time, I have been trying to ascertain the number of passes and the amount of free transportation granted by the Canadian National Railways and also, if possible, the Canadian Pacific Railway in an average year. Some of this information is available in Part 7 of the Duff Report, but this is not up-to-date, nor is it sufficiently illuminating.

I was thinking that perhaps it would be possible for you to have this information presented in the investigation now proceeding in the Senate. I would like to have, not only the number of passes issued, but the mileage represented by those passes, and any other information which could be reduced to terms of dollars and cents.

If you could secure this information without interfering with your already arduous duties, I would appreciate it very much.

Respectfully yours,

Alex. C. Hall

ACH:G.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C119180

#9

Ottawa,
May 24, 1920.

H. B. Rawlings, Esq.,
President,
Montreal Telegraph Co.,
Montreal, Que.

Dear Sir:

I have your letter of 19th with enclosures. Have noted with much interest the terms of your letter to the Hon. C. P. Fullerton of 20th April. I am sorry, however, that the last paragraph was included in that letter.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CORRESPONDENCE OF THE
COMPANY SHOULD BE ADDRESSED
P.O. DRAWER 1539, MONTREAL

# The Montreal Telegraph Company,

Executive Offices,
Montreal, Canada.

May 19th, 1938.

Rt.Hon. Arthur Meighen, P.C.,
Senate Committee,
Ottawa, Canada.

Dear Sir:- In re C.N.R. and C.P.R. Unification

I am enclosing copy of my letter to the Joint Chairmen of the Senate Committee for your information inasmuch as it bears on certain questions put to Mr. Fairweather by yourself, which speaks for itself and the Directors of this Company think you should have.

Yours truly,

President.

Encls:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CORRESPONDENCE OF THE
COMPANY SHOULD BE ADDRESSED
P.O. DRAWER 1539, MONTREAL

# The Montreal Telegraph Company,

Executive Offices,

Montreal, Canada.

May 19th, 1938.

Rt.Hon. G.P. Graham and
Hon. C.P. Beaubien,
Joint Chairmen,
Senate Committee,
Ottawa, Canada.

Gentlemen:- In re C.N.R. and C.P.R. Unification

With reference to that part of Mr. Fairweather's testimony as reported in the press, wherein he says,- "We even went so far as to open informal negotiations with the Montreal Telegraph Company for the purchase of stock but we couldn't get to first base. They thought they had a good thing." I beg to submit, on behalf of the Directors of this Company, for your information, the following:

On the afternoon of Friday, April 13th, 1934, following an appointment as to the day and hour, I was waited on by the Hon. C.P. Fullerton, in the company of two other gentlemen, for the purpose of his making, without having given any notice of the motive of his visit, the unexpected enquiry as to what proposition the Montreal Telegraph Company had to make in order to enable the Federal Government to bring about a consolidation of the Canadian Pacific and Canadian National Telegraph Companies, to which the Montreal Telegraph Company was an obstacle.

My reply to Hon. Fullerton was that the Montreal Telegraph Company had no proposition to make but it would be open to receive one from the Federal Government, relative to which I would write him after I had conferred with the Directors of the Company.

Subsequent to a meeting of the Directors of the Company, held April 19th, 1934, at which the matter was discussed, a letter as per copy enclosed was addressed to Hon. Fullerton, and no acknowledgment has ever been received from him.

Subsequent to such letter to Hon. Fullerton an interview took place between Mr. F.K. Morrow and myself, the essence of which was submitted to the Board of Directors of this Company on December 26th, 1934, upon which date I wrote to Mr. Morrow as per copy attached, accompanied by a memorandum referred to, since when nothing further has been heard of the matter from him.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19184

Rt.Hon. G.P. Graham and
Hon. C.P. Beaubien,
Ottawa, Canada.

May 19th, 1938.

I think you will agree that Mr. Fairweather's testimony is not entirely in accordance with facts and gives a wrong impression which merits this correction.

A full memorandum was made by myself after the two respective interviews and copies of same are available to you if you should wish them.

Yours truly,

*Henry E. Rawlings*

Encl:

President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COPY

CORRESPONDENCE OF THE
COMPANY SHOULD BE ADDRESSED
P.O. DRAWER 1539, MONTREAL
PLACE D'ARMES POSTAL STATION

*The Montreal Telegraph Company,*
*Executive Offices,*
*Montreal, Canada.* April 20, 1934.

Hon. C.P. Fullerton, K.C.,
Chairman,
Canadian National Railways,
360 McGill Street,
Montreal.

Dear Mr. Justice:-

I have related to the Directors of this Company, at the usual monthly meeting of the Board held yesterday the 19th instant, the conversation between you and myself on the afternoon of Friday the 13th instant relative to the lease to The Great North Western Telegraph Company held by this Company as bearing on the proposed amalgamation of the Canadian Pacific and Canadian National Telegraph Companies.

I may now inform you, in reply to your enquiry, that the Directors have no proposition to offer, but that they have an open mind to consider any proposition received from you that they could recommend as being equitable to their shareholders and for their acceptance.

Such to be subject, however, in their discretion, to first taking the counsel of the Company's legal advisors and your undertaking to assume any legal costs to the Company that may thereby be incurred and become payable irrespective of and/or to the principle of your proposition as submitted.

Yours very truly,

*Henry E. Rawlings*

President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COPY

119186

December 26, 1934.

F.K. Morrow, Esq.,
Trustee,
Canadian National Railways,
Montreal.

Dear Mr. Morrow:-

I am enclosing a memorandum that I have made for my own records and to give you over the telephone had you called, which speaks for itself and to which I know of nothing that there is to add.

With propitious Kind Wishes.

Yours truly,

*Henry E. Rawlings*

Encl: President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COPY

119187

MEMORANDUM

December 20, 1934.

The subject of the proposed purchase by the Canadian National Railway Telegraphs of the Company's lease to the Great North Western Telegraph Company was discussed by the Board and the general feeling was that the Board should abide by the terms of the President's letter of April 20th to Judge Fullerton.

The Board, however, was favourably disposed towards giving consideration to any equitable proposal for such purchase of the lease of the Company on some terms similar to those by which the Dominion Telegraph Company lease was acquired by the American Union Telegraph Company, etal.

*Henry E. Rawlings*

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119188

#9

Ottawa,
May 24, 1928.

Mr. A. Douglas,
Makinak, Man.

Dear Mr. Douglas:

I duly received your letter of 19th May which I have read with care. I have not the lea t doubt myself that extravagance just of the kind you refer to and which comes under your own observation is widespread throughout the entire C. N. R. organization. After the dismissal of Mr. Hanna, who was a careful money-saving Scotchman who knew the Railway business, and all during the reign of Sir Henry Thornton, extravagance became the key-note of the whole C. N. R. institution. Such habits are very easily acquired and very hard to eradicate.

I am of opinion the Railways have to get down to a much lower cost of operation, both as respects savings such as you have in mind and also as respects salaries, pensions and labour costs. All these costs are paid for by the public, and if they are out of line, as I believe they are out of line, the public suffers and what it suffers is unjust.

What you say as to Passes has a great deal to justify it also, and I personally would like to see a movement under way to abolish practically all Passes.

I am by no means sure that the present Committee is going to have time to go into this matter as fully as the circumstances demand, but we are going to do the best we can.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

2189

A. DOUGLAS
HARDWARE IMPLEMENTS
RADIOS LUMBER
PHONE 53 - 4
MAKINAK, MAN.

May 19th 193[illegible]

Senator Arthur Meighen
Ottawa

my Dear Sir.

I noticed your inquiry re the C.N.R. if the road is overloaded with unemployed. Perhaps not but one thing has passed under my observation re this roads extravigance. Last year there was a new bridge put in over a small creek east of town, the piles were driven and of course they would have to be cut to a level, and many of these piles had 8 to 10 & 12' cut off them and were left there for the section foreman to pick up. I would reckon these would cost the company 25 to 35 c per lineal ft, and I reckon there was over 200 ft at say 30c ft would mean the company threw away easily $60.00 which could have been made use of if only for ties. they are now in the section foremans yard again. I noticed they put in new cattle guards on this section this year which cost I would reckon at least 25 c each when many of the old ones had one or at most a few bars broken in them, which could have easily been repaired by taking the good slats out of one or two broken ones and repaired easily 12 or 13 out of every 15 and made them last for at least another 5 or 6 years. and this could have been done in the winter when the men had practically nothing to do and saved easily $3 00.00 I would reckon on there 15 miles of roads alone. So if they do the same thing on every 7 miles of the road you can easily see how it would run into millions of dollars. I know foremen as a rule like to keep their beat in good shape and are not inclined to do much repairing but prefer supplying something new. I know if the farmers was good business men were to handle their business in the same way they too would soon be hard up and in fact would soon go under. Then again there is the free pass system they have on this road, which should have never been allowed in the first place, as all R.R. employes are well paid

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

A. DOUGLAS

HARDWARE IMPLEMENTS
RADIOS LUMBER

PHONE 53 - 4

MAKINAK, MAN. 193

and can well afford to pay their way on the trains as well as the rest of the public. When on the trains it makes me sore to see so many passes handed to the Conductor, particularly on holiday times, there often are more than 50 on the train are on free passes, many of whom scarcely ever pay one dollar towards the support of the R.R. when I know that during the last 40 years I have paid out more than 25 or $30,000,00 in freight and fares and if I were to get on the train without a ticket they would put me off at the next station. I think that I am safe in saying that nearly every station agent who takes two or three weeks holidays will travel with his wife and often one of his family on free passes that would cost me daily $2.00,00. I would reckon if an investigation were made you would find the R.R. being deprived of several millions in fares alone, so I dont wonder at the R.R. not going ahead financially. I know this is a difficult matter to handle, but I am sure they would be ahead of the game if they cut out the free passes and pay them 2 to 5 or per month higher wages, in lieu of the passes, you may wonder why I am making myself busy re this question but I know men in your position, do not know it all and most generally are ready to accept suggestions from others who are observant and in a better position to know. When Jim Bowman was an M.P. he used to write me quite often to get my opinion on questions that were coming up in parliament. Perhaps you will remember writing me in 1926, about my suggestion of turning the Rid mts into a Park. Bill Ward claims the honour of putting this over when he and all Federal members of Manitoba supported Dr Bissettes proposition for the Park to be in the eastern part of the Provincial. when I saw it got its first reading, I wrote a letter to the Free press showing the Rid mts to be the proper place for the Park, and when Ward, Glen & McKay saw it they backed Bissets proposition and was held up for 4 years before they finally decided on the Rid mts. I have your letter on file yet to show you were interested in the Park, with your suggestions re formation yours Respectfully

A. Douglas

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119191

#9

Ottawa,
May 24, 1938.

C. M. Campbell, Esq.,
502 Pacific Bldg.,
Vancouver, B. C.

Dear Mr. Campbell:

I have your letter of 18th which I have read with care, but also had time to run through the pamphlet which you were good enough to enclose. I want to read this again with greater care. I feel sure, though, that I received the pamphlet a year or so ago and read it at that time.

Nowhere in the world has more harm been done to any country by an exaggeration of its own resources and potentialities than has been done in Canada.

With kindest regards,

Yours very truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C. M. CAMPBELL
MINING ENGINEER

119192

502 Pacific Bldg.
Vancouver, B.C.
May 18th 1928.

Rt. Hon. Arthur Meighen,
Ottawa,

Dear Mr. Meighen:

In the current issue of MACLEAN'S (May 15th, page 19) I have pointed out serious shortages in our lists of natural assets. The accompanying pamphlet goes into this matter in more detail. I have suggested that we take stock and base our expenditures on facts instead of on ballyhoo. If we had followed this program years ago we would not now have a railway problem to investigate.

There is an interesting point here: In Vancouver recently two Hedley Amalgamated officials who reported 500,000 tons of ore that they could not demonstrate were not lauded as optimists but they were sent to jail. Now, the demonstrated shortage in our national coal inventory is ten thousand times the Hedley shortage: yet this coal shortage is ignored and the officials who maintain these absurd figures continue to occupy high positions and receive high honors. My point is: Why should gross exaggeration in regard to national assets be encouraged while exaggeration in regard to the assets of a small mine be punished as a crime?

Yours very truly,

C. M. Campbell

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119193

# A New National Policy

By C. M. Campbell*

(Annual Meeting, B.C. Division, Vancouver, B.C., October, 1936)

## Introduction

In 1902, a famous Canadian geologist made the following statement:

"From what we know now of the iron-ore fields of the Province, we may feel that Ontario is assured of a great future as an iron-ore producing country. Judging from the extent of the territory over which the newly discovered ranges have been found, Ontario should in the not far distant future take her place as one of the chief iron producers in the world".

In 1905, an official of the Department of Mines said:

"In ten years Canada will have become a great metallurgical country. You will see an iron industry in this Dominion larger than in any country in the world. Canada will yet furnish the world with its iron supply. It will be the same with iron as with wheat. A decade from now Canada will outstrip all other countries in wheat growing. The production of iron at a cheaper rate than it can be made elsewhere will cause Canada to take a similar position as far as iron is concerned".

In 1924, a former President of the Institute, in arguing his claim for inconceivable mineral wealth in this country, stated as a "certainty" that iron-ore deposits on the scale of the ones in Minnesota would be found "again and again" in the Canadian Precambrian.

In 1930, a Minister of Mines announced that "The country surrounding Churchill holds large deposits of valuable iron and coal", and he stated that, at that place, "We will have an industry in iron that will compare with Pittsburgh".

These statements are definite promises, just as definite and important as the statement "I promise to pay" on a note, and they are not fulfilled by casually stating, as is the habit, that some day we will work our low-grade iron ores. Nor are they fulfilled by stating, as is often done, "Oh, So-and-So did not mean that". Due to their importance and to the prominent positions held by the men who made these statements, they were widely circulated throughout Canada. They were taken at their face value, and on the strength of them and many more of the same kind in regard to our other resources we have planned and built, at huge expense, provinces, governments, civil services, railways, and other equipment. The reserves that were to justify these expenditures have not appeared. There has not been a ton of iron ore mined in Canada for many years, and important commercial reserves are unknown. We have built the mill, but adequate ore is lacking. As a con-

*Consulting Engineer, Vancouver, B.C.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119194



sequence, we are faced with interest-bearing debts aggregating about ten thousand million dollars. The spending of this huge sum helped greatly our prosperity. The time has now come to stop borrowing and to start paying back, and we are in distress. Even with crushing taxation, we are not even paying the interest but are budgeting for deficits. We are faced with the most serious situation in our history.

In his Dominion Day editorial, H. Napier Moore, editor of *Maclean's*, referring to the platitudes in regard to our glorious heritage and our unparalleled opportunities, said, "Patriotism is not the art of kidding oneself. It means devotion to the welfare of one's country". Is it not true that the habit of kidding ourselves that we have unlimited resources is the cause of over-expansion and heavy debt? The logical solution is, therefore, to stop kidding ourselves, to make an accurate survey of our resources, and to govern ourselves accordingly. This is exactly what Mr. Moore has suggested. Speaking to a Vancouver audience, he has said: "Canada possesses no boundless resources and the time has come to take stock, to make an honest appraisal of the Dominion's assets".

The records of this Institute show that in 1921 a despatch was sent over the name of the Institute, and on behalf of the Institute, to the Premier of Canada saying that "inconceivable wealth in minerals" was then a "fact" in Canada. This statement, deliberately made, was publicly endorsed by leading members of the Institute. Stories of this sort have received every encouragement and they have been passed on, and they continue to be passed on, to the press and to be featured in every hamlet in the Dominion. This policy was in evidence at the last annual meeting, when prominence was given to a statement that "The only things we lack are manganese and a high quality of iron ore".

It will be remembered that the late Will Rogers said, "All I know is what I read in the papers". Canadians are like Will Rogers, and for the past three decades the papers, on the authority of leading mining men, have circulated stories like the above among the citizens of this country; wasteful extravagance has been the rule and oppressive debt and taxation the result. After investigating this matter for fifteen years, I know the private views of many members from the Atlantic to the Pacific and the private view is diametrically opposed to the view given to the public. The "don't quote me" opinion is that "inconceivable wealth" is "damn nonsense". It is trash. Our sanitary authorities gather up trash as a matter of course and destroy it—it is a menace to health. Trash such as I have quoted has wrecked our financial health and all we now hope for is a partial cure, the chief remedy being higher and higher taxation. The proper treatment is to eliminate the cause. Clean up our publicity, and financial health will gradually return.

Three reasons have been advanced for the dissemination of this ballyhoo:

1. It will bring capital to Canada.
2. It is the true spirit of the mining industry.
3. It will inspire confidence.

The dissemination of trashy publicity will do none of these things. Ballyhoo repels both capital and confidence. The true spirit of mining and every other industry and activity was summed up recently by Winston Churchill when he said: "The important point about any fact stated in



119195

this House is whether it is true or false". That is the only spirit we want in this Institute; it is the only spirit that will bring worthwhile capital to Canada and it is the only spirit that will inspire confidence in Canadians. In view of the predominance these days of the economic situation, I would like to add that it is the only spirit that will balance budgets and reduce taxation. In other words, it is the only spirit that will pay. It is essential, therefore, if we are to carry on with credit to this Dominion, to stop kidding ourselves, to cut out the ballyhoo, to get the facts and to act on them. Here, therefore, is a new national policy. An accurate list of our mineral resources, an honest appraisal for all Canada, is the objective of this paper.

## PRESENT VALUE OF OUR METAL WEALTH

The list of metal mines on the Toronto Exchange and Curb, which includes nearly every worthwhile mine in Canada, shows a market value at the present time of about $2,000,000,000. Add those left out, and our metal wealth is not much above that figure. This may appear large, but from a comparative point of view it is very small, for it would take five times this total to pay our national, provincial, and municipal debts. Our railway deficits since the Institute announced inconceivable wealth total one billion dollars and, in view of the extravagance of the mining publicity, I have no hesitation in saying that the great bulk of that figure should be charged to the mining industry. It would take the International Nickel ($800,000,000) and the Consolidated ($200,000,000) to pay off that debt. Our Dominion deficit alone last year (1935) was $162,000,000. The Noranda ($140,000,000) and the McIntyre ($30,000,000) would little more than wipe out that deficit. It now looks as if the deficit this year (1936) would be well in excess of $100,000,000, and the public has been taught to believe that in our new gold mines is the solution of the problem. In British Columbia we have the Pioneer, Bralorne, Minto, Cariboo Gold Quartz, Island Mountain, Relief Arlington, Vidette, Sheep Creek, Kootenay Belle, and Reno. To pay only four months' deficits, all these mines would have to be turned over in their entirety. We hear a lot about the new finds in the East, but—it will take the Central Patricia, God's Lake, Hard Rock, Little Long Lac, MacLeod-Cockshutt, O'Brien, and Pickle Crow to pay the deficit for the remaining eight months. Canadian metal mines are important, they are very important, but they are a small item compared with the almost astronomical figures now used to represent our debts.

## UNEMPLOYMENT

Much has been written about the effect of mining on unemployment. A pamphlet issued by the Empire Mining Congress in 1927, and circulated throughout the Empire, stated that more than one-quarter of Canada's employees were at work in the mining industry. The effect of this type of publicity on the minds of Canadians who are not mining men can be shown by a couple of examples. Last March, Mr. Justice Manson, of this city, in a widely quoted address, stated:

> "Mining directly and indirectly can take every single, solitary, able-bodied man presently unemployed out of unemployment. I make this statement without the slightest reservation. I repeat again, mining can

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119196



**What a 'ghost' camp looks like.**
This was one of the main streets of Phoenix, a camp that for some time shipped in excess of 5,000 tons of ore per day. Aside from a couple of old-timers and the occasional gleaner, it is entirely abandoned.



**A 13,000,000-ton monument.**
This is not only a monument to the Grand Forks smelter but to the copper-smelting industry of British Columbia. This Province has had, at different times, smelters at Ladysmith, Crofton, Van Anda, Anyox, Boundary Falls, Greenwood, Grand Forks, and Trail. Due to depletion of tributary mines, all smelters have been shut down and, generally, abandoned The only operating smelter at present is at Trail, and it is not a copper smelter. Such copper ores as remain are shipped to Tacoma in the United States. In the face of depletion on almost every hand, official propaganda is still to the effect that mining will "permanently" solve our chief troubles.



3819119197

give employment to the unemployed. Mining can pull Canada out of the financial morass, the provinces out of financial disaster, and put the municipalities back on their feet".

Last April, Mr. Crerar closed his series of broadcasts with the statement: "Is it too much to say that a production of gold in Canada of from $200,000,000 to $250,000,000 a year would . . . decisively and permanently solve the question of unemployment?" This idea of a permanent supply of ore is one of the achievements of our mining publicity. Mr. Crerar, we are told, proposes to visit every producing mine in Canada. We would suggest that he also visit some of the ghost coal and metal camps in this neighbourhood and he will realize that mining is not a permanent but a wasting asset. Let us suppose, however, that we can make the increase suggested. It would



**The Le Roi mine.**
"There is a bottom to every mine", said Rhodes. The above is a picture of the famous Le Roi mine at Rossland—now abandoned.

take not more than 30,000 men to produce this extra gold. Now, the number of gainfully employed in Canada is about 2,500,000, to which the mining industry contributed in 1935 only 83,000 persons. This is the highest estimate I can find and it is less than four per cent of the total. We are now told that the number on the dole is over 1,000,000, that with dependents the total is 1,800,000, and that the annual drain approximates $200,000,000. Even admitting the existence of the ore and indirect benefits, how can 30,000 jobs put 1,000,000 people to work? Even mining men are idle. Last year Granby closed its big Anyox plant, and there are thousands of coal employees idle in British Columbia alone. If mining men wish to save their industry from confiscatory taxation, they would do well to cease volunteering to save this situation and that situation and warn the Governments of this Dominion very promptly and very plainly that, faced with this huge total of unemployed, our industry can do very little to help and that a solu-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119198





**Cassidy, Vancouver Island, when in operation.**

Vancouver Island is prolific in ghost coal-mining camps. A list prepared recently included Cassidy, Morden, Lantzville, Douglas, Extension, Wakesiah, Jingle Pot, East Wellington, Chandler, Wellington, Southfield, and South Wellington. Reports detailing very serious conditions in regard to reserves have been withheld by the Geological Survey.

Another thing. At Cassidy, the Granby Company planned a garden village. The location was ideal: level ground under 100 ft. elevation, delightful climate, and a railway connection. When, however, the trees were cut down it was found that there was not enough soil to grow grass. Soil had to be hauled-in to provide the boulevards shown. Gardens were very few. With the exhaustion of the coal, the village was abandoned and the cottages torn down. Gravel and rock instead of soil is a common condition in British Columbia, yet, as in the case of our coal and metal wealth, the facts are not given to the public; a huge population is promised; and waste, extravagance, and deficits continue to gather momentum.

tion will have to be found elsewhere. In this matter, members do not have to accept my opinion. The *Monthly Review* of the Bank of Nova Scotia for July last, after careful study, concludes with the following statement:

> "Important as its contribution to recovery has been, metal mining under the most favourable conditions could only reabsorb directly and indirectly a fraction of the unemployed".

## Annual Mineral Production

Our annual mineral production is now in excess of $300,000,000. Tell a Canadian that this is *WONDERFUL* and he will believe you. If it were only one million and you said it was wonderful, he would still believe you. Why? He is acquainted with the engineering tradition of accuracy and he pays us the compliment of accepting our conclusions without question. Now, while it is very important, there is nothing wonderful about a mineral production of $300,000,000 in a country the size of Canada. The United States has produced twenty times that value in one year; each of five individual States has a higher production, one of them two and a half times as

119199



much; and one American company, the Anaconda, has reported sales of that amount in one year. On a *per capita* basis, this production gives the Canadian only $30 per year. How far will $30 go with a person brought up to believe he is the inheritor of inconceivable wealth? Particularly when, as I will now show, he does not get it.

A Canadian Premier has said: "For every dollar this country has taken out of mines it has probably put in two dollars or perhaps five dollars". While I certainly would not go as far as this, there are so many deductions to be taken from that $30 *per capita* as to make it very doubtful whether or not the mining industry is paying its way. Some of these deductions are:

1. Money sent out of Canada by mine officials and employees. Information is lacking. Remittances by immigrants totalled $23,400,000 in 1929 and in 1935 were only one-third that figure. Remittances by mining employees would only be part of that figure.
2. Supplies imported.
3. Tariffs and subventions on account of the coal industry. Tariffs are about $7,000,000 per year and subventions now total $2,000,000 annually. These also help the Government and the railways.
4. Direct public subscriptions to stock issues and the sums privately spent on mining development.
5. Broker's fees in part.
6. Dividends paid outside Canada. This is estimated at 40 to 45 per cent and in 1934 the total was $20,853,000. There is a credit here for outside money spent in Canada.
7. Government contributions for geological work, trails, roads, etc. A percentage of the deficits on Government railways through mining areas should also be charged to mining.
8. Depletion allowance. Just as a mine plays out, so the mining industry of the Dominion will play out. In many sections, the end has already arrived.
9. *Contra* account. This covers payment for coal, iron, petroleum, etc., imported. Under normal conditions, this will exceed $250,000,000.

## Sources of Mineral Wealth

Our mineral wealth can, in the main, be traced to three sources, the Cordilleran, the Precambrian, and our coal reserves.

### *The Cordilleran*

Expenditures in the British Columbian section of the Cordilleran are controlled mainly by Premiers King and Pattullo, and the opinions of these men in regard to the resources available are important. Premier King is on record as stating that, "No corresponding territory on the face of the earth can compare with British Columbia in the matter of natural resources". Premier Pattullo has said that we have resources in this Province to maintain a population of from 30 to 40 million people. A similar statement was recently made here and in London by Mayor McGeer. I can see no justification for these claims. No criticism can, however, be made of these men

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119200





**The Highlands.**
A bright July day in the upper part of the Interior. This condition is typical of huge areas. When engineers demonstrate their ability to settle these areas it will be time to talk about 40,000,000 people for British Columbia.

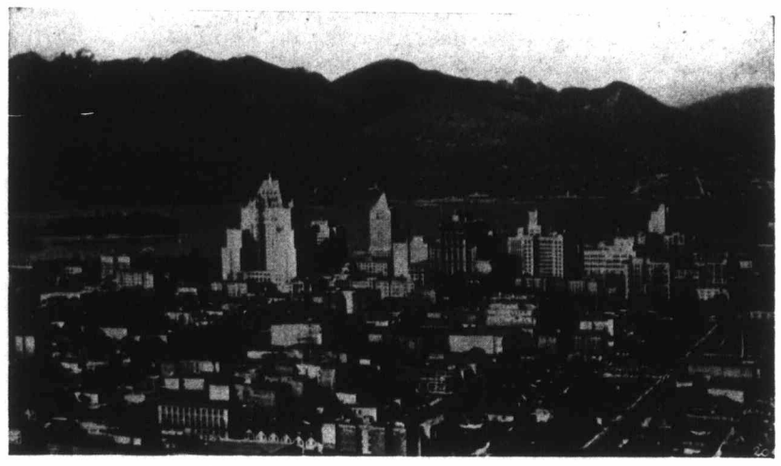
by mining engineers in regard to these statements, for Premier King's statement is a logical interpretation of the despatch sent him by this Institute and Premier Pattullo's statement is an identical statement already made in local mining circles. With ideas of this sort, extravagance, waste, and patronage can be expected and they have not been lacking. A. E. Foreman, well known McGill graduate and formerly Chief Engineer for the Public Works Department, recently published a 32-page pamphlet listing some of these wastes, and from this list the following typical samples are taken:

> "In 1918, in the Cranbrook district, I saw three good-sized bridges across a ravine within a short distance of each other. In explanation, the Road Superintendent said that a few years before there was a surplus in the District vote which would revert to the Consolidated Revenue Fund if not spent by the end of the fiscal year. The result was that the middle bridge was built, and when we saw it several years later, there was no road leading to it.
>
> "Nearly $500,000 has been spent on roads and bridges in the Bella Coola valley, and a Government report states that 'the majority of the settlers seem to prefer fishing to farming, there being only four farmers in the valley who actually make their living off the land'.
>
> "Last year a bridge was built at Nanaimo. The lumber for forms and scaffolding was supplied by a man who did not have a mill and the price paid was $20.69 per thousand when a fair price at the time was about $11 or $12 per thousand".

It takes a rich country to carry-on on this basis, but I will now show that this country is far from rich. The following summarizes the non-mining resources of the Province.

119201





**The Barrier.**
The Jubilee of Vancouver as a city was celebrated this year (1936), yet the picture shows settlement to be confined to the lowlands which occupy only a very small fraction of the Province. The real Province is the sea of mountains beyond.

*Fisheries.*—Already on a quota basis.

*Timber.*—The good fir will be used up in 15 to 20 years. Some increase in pulp production is possible if demand arises.

*Agriculture.*—Good land is estimated as low as 10,000 square miles. It is so scarce that Sumas lake was drained at a loss to the Government of about $3,000,000. Consider also the North Shore skyline, which is more typical of British Columbia than is the Fraser valley.

*Water Power.*—At minimum flow, we have 2,000,000 h.p. Strategically cheap rates are seldom available.

*Scenery.*—Of the highest grade. Appreciation is handicapped by poor roads with unkempt borders and a policy which has allowed such outstanding features as the Green Timbers and the groves along the Cowichan road to be cut down.

*Population.*—There is a small population brought-up on the inconceivable-wealth doctrine. The outlook of the prodigal son, particularly in the matter of the disposition of natural resources and Government expenditures, therefore prevails. To change this outlook is as difficult as changing a man's religion.

In considering the mining situation, the presence of mining operations in Greenland, Spitzbergen, Central Africa, New Guinea, and above the 14,000-ft. contour in Peru, indicates that the world has already been searched for mineral and our operations in the Great Bear area and Yukon show that the outskirts of Canada have not been overlooked. New finds are, as a rule, few, and, while there is no better prospecting ground than Canada, and no better area in Canada than British Columbia, I wish to emphasize the very great difficulty there is in finding pay ore and the consequent need to operate this country as economically as possible. It is a well known but little realized fact that no major mining area has been discovered in this

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119202

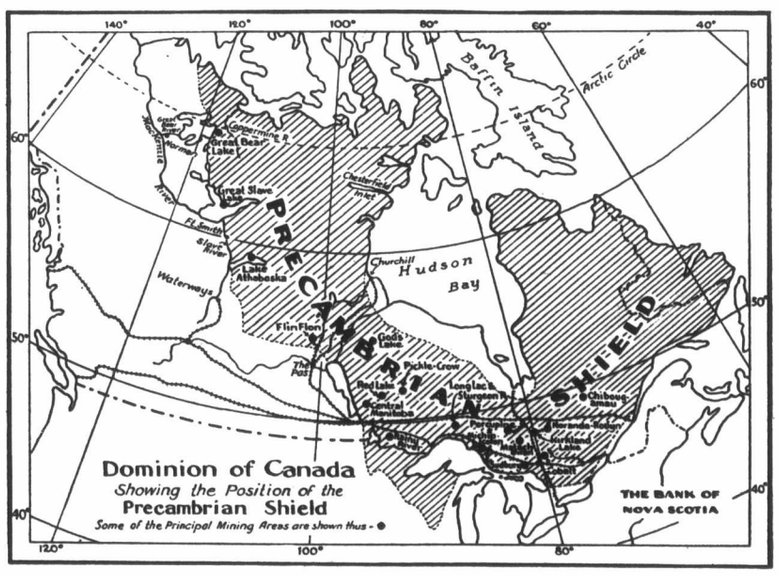


Province for thirty years. Half our present production is from the Sullivan, discovered 42 years ago. We have, fortunately, ore blocked out for years, minor finds are being made and major finds are still possible, but new discoveries are not at a rate to justify the claim being made that "mining is the great basic industry of the future". We are also told that we will produce on the same scale as in the Cordilleran areas in the United States. Without challenging this statement, it is no argument for an appreciably greater mining industry than now exists during periods of normal metal prices. Mineral wealth in the Western States is pretty well blocked out and its limitation is a matter of concern.

### *The Precambrian*

The great misconception held by the average Canadian is that this area is 100 per cent geologically favourable for economic mineralization. This propaganda has been assiduously spread by mining engineers in defiance of the opinion of Dawson, and the most prominent writers in Canada now feature this fiction. The following is from a *Financial Post* editorial:

> "Practically every inch of that 'dead heart' (Precambrian) of Canada is laden with precious metals—with gold, silver, copper—even with iron, nickel, lead, and zinc. Practically every acre will some day be pouring forth its rich flow of wealth for Canada".




**The Precambrian.**

The above map, published by the Bank of Nova Scotia, features this area as uniform. It teaches, what Canadians believe to be the case, that the entire area is geologically favourable for mines. There is no reference in these maps or in the accompanying text of the vital fact that approximately 90 per cent of the Precambrian is unfavourable for mines.

119203



The *Manitoba Free Press*, believing in the announced "broadly uniform" character of the Precambrian, has published a series of articles stating that discoveries already made can be repeated "pretty nearly anywhere and almost everywhere in the mammoth rock formation in Canada."

The idea of mines everywhere was also featured by Mr. A. P. Woollacott in *Maclean's* for March 15th, 1929, when Canadians were told that, "It is a safe bet to build a railway almost anywhere in the Canadian Shield, as such a feature would provide its own tonnage in minerals beside the market value of the ore".

Mr. Grant Dexter, well-known Canadian writer, in the August, 1930, issue of the *Canadian Magazine* dealt with the Precambrian. Referring to a photograph at the head of his article, he said: "This photograph reveals a stretch of virgin territory over which no prospector has ever passed. Yet this view reveals a country mineralized to a degree every bit as great as the far-famed Cobalt area of northern Ontario".

Here, again, I do not wish to be understood as criticizing the publications mentioned. The writers in these papers have simply taken fair interpretations of the statements made by leading mining engineers and mining organizations and have passed them on to the public. The understanding outlined in the quotations is now, we believe, the understanding of the Canadian people, and our plans and expenditures are based on that understanding.

The Precambrian is a long story, but do not forget this: Approximately 90 per cent of that huge area, or half of all Canada, is granite, and granite is not geologically favourable for mines. Dawson pointed that out forty years ago. Much of the remaining 10 per cent has been prospected in detail and found to be barren. An occasional mine may be found in the granite, but the rule is as stated. We are selling the Precambrian as all wool when only 10 per cent is wool and the rest is shoddy—and we are fooling nobody but ourselves.

### *Our Coal Resources*

The estimate of our coal resources, frequently quoted, is that we have 1,234 billion tons in reserve and that this is one-sixth the world's reserve or 35,000 times Canada's annual consumption. This estimate was prepared by Survey officials and is summed up on page one of Memoir 59, entitled *Coal Fields and Coal Resources of Canada*. This estimate is the estimate used by the International Geological Congress in its monograph entitled *Coal Resources of the World*, presented at Toronto in 1913.

Without going into detail in regard to the basis of the estimate, one of the outstanding features is that the English language meaning of a 'reserve' as something available has been wrongfully ignored and fanciful rules adopted. Remotely possible coal in seams one foot thick at 4,000-ft. depth and similar conjectural tonnages were included in the reserves, and all tonnages, actual, probable, and possible, were added together to form the grand and glorious total given above. No engineering or commercial organization would tolerate this procedure when dealing with the reserves of a mine or of a company. There is no reason whatever why the rules for a Dominion should be different.

As a result of this gross breach of the rules, enormous shortages have been recorded. In 1921, when in the coal mining business on Vancouver island, I found evidence of shortage in the Island reserves, stated to be

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1119204



5,793 million tons, and reported the matter to Ottawa. Mr. J. D. MacKenzie, then in charge of the Survey here, was sent over to check up, and his report, which appeared in 1923, showed that the actual recoverable coal did not exceed 26,000,000 tons, with some possibilities beyond that figure. A few copies of this report were issued, when the Department officially announced that "it has not been published". Discussion was, therefore, stopped.

The evidence published at the Fuel Commission enquiry at Nanaimo last year indicated only 40,000,000 tons in the Nanaimo and Comox areas, only part of which can be recovered. In other words, every 100-lb. sack of coal listed in our inventory contains less than one pound. This is not optimism: this is short weight. At this Nanaimo enquiry, the question of the MacKenzie report came up when one of the counsel said:

> "My instructions were that this report was not given the stamp of approval of the Government department by which it was issued and that it was withdrawn or suppressed. . . . We have never read it, we have never been able to obtain a copy of it".

Now, the operators who co-operated in the preparation of the MacKenzie report made no criticism. Various explanations for its suppression have been offered but none of them will hold water. As stated, I have a personal interest in the matter and for 13 years I have, as everybody here knows, tried to get this report published, but I have not yet reached first base. You have an opportunity now, in the presence of the Minister, and the President of the Institute, to say whether you wish the MacKenzie report, and later information on the matter, to see the light.

The Survey and Congress figure for the Alberta reserve is 1,075 billion tons, widely featured as 14 per cent of the world's reserve. Dealing with this figure, the Alberta Coal Commission, 1925 (Evans Report), showed gross errors and how they had been made. On page 26 we are told:

> "Many Carboniferous coals are made up of large trees, but the Cretaceous coals originated in smaller types of vegetation which grew along shore lines where conditions were changing very rapidly. Therefore, coal seams in Alberta vary from place to place and in the distance of a few miles in a certain direction may change into an area where there is no coal at all".

This Commission then (page 32) made this recommendation:

> "Since the bulk of the world's coal in the estimates quoted occurs in the United States and Europe, where conditions are better known, and moreover consists of the more uniformly occurring Carboniferous coals, it is hardly possible to expect a similar shrinkage in all the estimates. This Commission, therefore, believes that even on the definition of seams one foot thick and over to a depth of 4,000 feet, the present state of knowledge demands a reduction of the Alberta estimates both as to area and quantity, to at most one-fifth of the 1913 calculations. Even allowing something for similar reductions elsewhere, it will more nearly represent the latest information to say that Alberta probably has 3 per cent and not 14 per cent of the world's coal reserves. Certainly, there appears to be no warrant for continuing to make this statement that Alberta has one-seventh of the known coal deposits".

1119205



This report also cut the reserve to 28 billion tons, a figure that was further cut by the recent Barlow Commission to 20 billion tons. In both these reports, the tonnage figures were compiled by Dr. J. A. Allan. These figures have never been challenged, yet our Survey has ignored both these reports. The figure of 20 billion tons is still large but it is quite conceivable, as, under normal conditions, this tonnage would last the United States only 40 years.

The figure given for Nova Scotia is 9,718 million tons, but evidence of shortage reported in the *Transactions*, and the fact that Canadians pay heavy charges annually to keep this industry going, indicate that a proper estimate would greatly alter these figures.

In 1934, I summarized these objections in an article printed in the *Financial Post*. In this article, I referred to the estimate as a farce. I was replied to by a member who outlined the common argument. He said:

> "The estimate was not intended to establish the reserves recoverable for commercial sale under present-day conditions, but rather to establish the ultimate reserves, taking a very long-range view. The estimate represents scientific data rather than commercial information. The basis used, which was the same for all countries named in the estimate, included all seams of coal over one foot in thickness to a depth of 4,000 feet below the surface. Obviously, therefore, the estimate was not on an existing commercial operating basis. At the same time, when Canada's coal reserves are compared with the reserves of other countries, calculated on the same basis, the proportions are correct".

In regard to this statement, I have the following comments to make:

(1) Reserve tonnages of coal are essentially for commercial purposes and, if they are not for commercial purposes, they should most emphatically not be referred to as reserves. I think I am correct in stating that, almost without exception, Canadians believe that the tonnages given them by the Survey represent coal 100 per cent available under present conditions, and Canada's grandiose plans have been built on that understanding.

(2) I take exception to the use of the word 'scientific'. The repudiation of established rules is not scientific. The habit of taking 'ultimate' (presumably 'probable' and 'possible') reserves and adding them up with 'actual' coal and calling the total a reserve is the antithesis of scientific. When bank managers play that game they are the subject of court action. In this case, also, the sequel has shown, as I have stated, that huge tonnages of this so-called 'ultimate' coal have been shown by drilling and underground work to have no existence at all. It simply isn't there and if it isn't there now how can it be there ultimately?

(3) The rules may have been the same for all countries, but to the credit of some other countries, at least, it should be stated that they ignored these improper rules. We therefore read in reports where tonnages were not reported because they "would largely be guesses and of little value as contributing to our knowledge".

(4) The statement says that, as these reserves were calculated on the same basis, "the proportions are correct". Suppose you all agreed to do a job for $5,000 each and when the work was done you were handed $40 each and told that the proportions were correct. Would you be satisfied? If not,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 9206



why are you satisfied with this coal estimate? The totals are not correct and, further, the proportions are far from correct. I have shown how some countries ignored the improper rules and I have shown how Alberta, realizing that they were improper, cut the proportion for that Province from 14 per cent to 3 per cent.

(5) The estimate was made by geologists who were utterly impractical and it should be scrapped as far as tonnage estimates are concerned. The reports of MacKenzie and Allan, based on engineering methods, have been accepted without question by the operators, they have been questioned by no one, and they should be recognized.

### THE PROCEDURE IN OTHER COUNTRIES

The facts are obtained in other countries, they are faced in other countries, and other countries for that reason have left Canada far behind. Here are a few examples:

GREAT BRITAIN:

From one single issue of the *Parliamentary Debates*, dated May 21st last, I make the following quotations, in addition to the statement of Winston Churchill, already quoted:

> "I know that the nation will not fail anyone who tells it the truth".
> "It is ridiculous for ministers to come here with a hush-hush policy".

That these statements were made in earnest is shown by the third and following quotation:

> "A detailed survey has been made of the material, operative, and technical resources of the country and they have been examined and tabulated".

SOUTH AFRICA:

In 1926, Sir Robert Kotze, Government Mining Engineer, took stock and announced that Rand production would shortly decline. South Africans investigated the matter, realized the seriousness of the situation, organized, and made plans to offset the loss as much as possible. Fortunately, the price of gold was increased and the crisis passed.

JAPAN:

This country has taken stock and frankly admits shortages. The chapter on mining in its *Year Book* opens with the sentence, "Japan is poor in mineral resources". Yet her production per square mile is nearly ten times that of Canada. Canadians are still featuring that ballyhoo about the 20th Century belonging to Canada. Japan has faced the facts, good and bad, and has stolen the show.

UNITED STATES:

The *Report of the Planning Committee for Mineral Policy*, based on carefully compiled facts, was recently made public. Americans took stock twenty years ago, recognized their mineral shortages, and the result has been that

I 9207



action taken has given them control of as much of the world's mineral resources as has the British Empire. Sir Thomas Holland, dealing with American methods, said, in 1927, "The precision and thoroughness with which the vital question of mineral needs in the United States is being treated gives us a lead which it would be dangerous to disregard".

I have shown that they did not disregard that lead in Great Britain and that they have tabulated their resources. What happened in Great Britain has happened in other countries. Why are we behind? A tabulation of our resources would show that, not only are we short of manganese and a good quality of iron ore, but that our supplies of the vital minerals coal and petroleum are entirely inadequate and huge importations have to be made. A small population only is served with natural gas and waste is on such a scale as to indicate a shortage in the future. Our production of abrasives, asphalt, barite, fluorspar, iron oxides, magnesite, salt, and structural materials is also inadequate for our needs. In the ores of aluminium, antimony, iodine, mercury, molybdenum, strontium, tin, vanadium, in precious stones, and in borax, potash, phosphates, and nitrates, we do not even appear in the production table and we have no important known reserves.

I have therefore advocated that a survey of Canada's mineral wealth be made, and to explain in some detail the character of the inventory I submit the accompanying tabulation of the gold reserves of Canadian mines, taken from a paper by John J. Croston and published by the American Institute.

In view of the fact that this table has been widely quoted and used in Canada, the question naturally arises: Why should we not prepare these inventories ourselves, instead of depending on citizens of other countries for them? If statistics of Canadian mines are sufficiently important for outsiders to tabulate, and for everybody to use, surely they are of sufficient importance to Canadians to justify our going into the matter. Insofar as this table is concerned, Mr. Croston made no attempt to include the gold reserves of the great copper mines now developed (with the sole exception of Noranda) nor were other base-metal mines carrying a gold content included. This extra reserve is appreciable, the Flin Flon alone being good for about 1,800,000 oz. One large mine, the Lake Shore, is deliberately omitted from the list, as the reserve figure for this mine is not available. Numerous other minor properties are also omitted and in some other cases the figures given are in error.

My idea would be to tabulate at least all properties beyond the project stage. Not only would the tonnage, grade, and total metallic content be listed as above, but we would also add a column showing the rate of annual depletion. As probabilities and possibilities are important, often more important than the actual ore blocked out, they would be referred to briefly in a column headed *Remarks*.

Mr. Croston finds that, including the Noranda, Canada has 60,000,000 tons of gold ore available containing 13,823,030 oz. This means an average value of 0.23 oz. per ton. Including the Flin Flon and an estimate for other properties not listed, we have about 18,000,000 oz. gold blocked out which will produce over $600,000,000. Modern methods mean rapid depletion, and at the present rate of depletion all the gold ore now in reserve in Canada will be gone in the short space of five years—a piece of information that is of the greatest value. In some cases, as in the Noranda, the reserves cannot be worked out in five years; in other cases, therefore, the reserves will be

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119208

GOLD RESERVES OF CANADIAN MINES*

| COMPANY | ORE RESERVES, TONS | OZ. GOLD PER TON | TOTAL OZ. GOLD |
|---|---|---|---|
| Noranda Mines, Limited | 28,305,000 | 0.18 | 5,187,531 |
| Hollinger Cons. Gold Mines, Ltd | 7,355,318 | 0.34 | 2,511,544 |
| McIntyre-Porcupine Mines, Ltd | 3,430,481 | 0.32 | 1,103,583 |
| Wright-Hargreaves Mines, Ltd | 1,244,657 | 0.59 | 745,550 |
| Dome Mines, Ltd | 2,000,000 | .... | ..... |
| Beattie Gold Mines, Ltd | 4,131,300 | 0.16 | 658,942 |
| Pamour Porcupine Mines, Ltd | 1,400,000 | 0.21 | 300,000 |
| Teck-Hughes Gold Mines, Ltd | 683,709 | 0.41 | 280,056 |
| Buffalo-Ankerite Gold Mines, Ltd | 1,093,892 | 0.23 | 254,369 |
| Howey Gold Mines, Ltd | 2,155,087 | 0.10 | 215,509 |
| Pioneer Gold Mines of B.C., Ltd | 307,400 | 0.70 | 215,180 |
| Siscoe Gold Mines, Ltd | 383,217 | .... | ..... |
| Young-Davidson Mines, Ltd | 1,600,000 | 0.12 | 192,200 |
| Little Long Lac Gold Mines, Ltd | 225,342 | 0.74 | 166,753 |
| Canadian Malartic Gold Mines, Ltd | 609,000 | 0.19 | 121,191 |
| Lamaque Gold Mines, Ltd | 316,191 | 0.34 | 108,403 |
| Omega Gold Mines, Ltd | 560,000 | 0.19 | 109,200 |
| Bralorne Mines, Ltd | 300,000 | 0.35 | 105,000 |
| Hedley Mascot Gold Mines, Ltd | 218,000 | 0.48 | 104,640 |
| Ymir Yankee Gold Mines, Ltd | 197,900 | 0.41 | 81,139 |
| Pickle Crow Gold Mines, Ltd | 82,000 | 1.05 | 86,100 |
| San Antonio Gold Mines, Ltd | 226,675 | 0.34 | 77,070 |
| Columario Consol. Gold Mines, Ltd | 75,000 | 0.80 | 60,000 |
| Ymir Consolidated Gold Mines, Ltd | 156,790 | 0.36 | 55,930 |
| Sullivan Consolidated Mines, Ltd | 150,000 | 0.36 | 53,571 |
| McKenzie Red Lake Gold Mines, Ltd | 120,000 | 0.43 | 52,200 |
| Sheep Creek Gold Mines, Ltd | 100,000 | 0.50 | 50,000 |
| Toburn Gold Mines, Ltd | 82,650 | 0.57 | 47,111 |
| Paymaster Consolidated Mines, Ltd | 166,400 | 0.28 | 46,592 |
| Minto Gold Mines, Ltd | 100,000 | 0.44 | 44,000 |
| Central Patricia Gold Mines, Ltd | 95,413 | 0.46 | 43,890 |
| Cariboo Gold Quartz Mining Co., Ltd | 99,676 | 0.42 | 41,465 |
| McWatters Gold Mines, Ltd | 56,768 | 0.68 | 38,615 |
| Reno Gold Mines, Ltd | 62,479 | 0.62 | 38,987 |
| Stadacona-Rouyn Mines, Ltd | 170,315 | 0.23 | 38,746 |
| Granada Gold Mines, Ltd | 112,268 | 0.34 | 37,691 |
| Kirkland Lake Gold Mining Co., Ltd | 125,000 | .... | ..... |
| God's Lake Gold Mining Co., Ltd | 99,000 | 0.36 | 35,640 |
| Relief Arlington Mines, Ltd | 97,119 | 0.36 | 34,635 |
| Powell-Rouyn Gold Mines, Ltd | 147,945 | 0.23 | 34,471 |
| Gillies Lake Porcupine Mines, Ltd | 75,000 | 0.46 | 34,283 |
| Red Lake Gold Shore Mines, Ltd | 51,850 | 0.66 | 34,221 |
| Premier Gold Mining Co., Ltd | 133,820 | 0.24 | 32,117 |
| Pontiac Rouyn Mines, Ltd | 161,345 | 0.19 | 31,319 |
| Matachewan Consol. Mines, Ltd | 125,965 | 0.23 | 28,720 |
| Shawkey Gold Mining Co., Ltd | 80,000 | 0.36 | 28,560 |
| Arntfield Gold Mines, Ltd | 112,400 | 0.24 | 26,976 |
| Greene Stabell Mines, Ltd | 41,666 | 0.60 | 25,000 |
| Gunnar Gold Mines, Ltd | 60,000 | 0.41 | 24,858 |
| Wesko Mines, Ltd | 60,085 | 0.40 | 24,094 |
| Island Mountain Mines, Ltd | 43,381 | 0.55 | 23,990 |
| Wendigo Mines, Ltd | 60,000 | 0.34 | 20,400 |
| Grange Mines, Ltd | 24,000 | 0.80 | 19,200 |
| Tashota Goldfields, Ltd | 39,450 | 0.45 | 17,753 |
| Argosy Gold Mines, Ltd | 27,210 | 0.55 | 15,115 |
| McMillan Gold Mines, Ltd | 59,900 | 0.27 | 14,770 |
| St. Anthony Gold Mines, Ltd | 50,000 | 0.29 | 14,285 |
| J. M. Consolidated Mines, Ltd | 45,000 | 0.31 | 14,139 |
| Bousquet Gold Mines, Ltd | 20,945 | 0.53 | 11,132 |
| Central Manitoba Mines, Ltd | 14,100 | 0.34 | 4,794 |

(*) The ore reserves cited are only those quantities published by mining companies in their annual reports and do not represent mine possibilities.—PUBLICATIONS COMMITTEE.

119209



cleaned up in less than that time. It is, of course, true that many mines have been active for a considerable time and have never had reserves ahead for more than a few years. That is a situation, however, that does not last and, later, I will quote opinions that indicate that at the present time new finds are not equalling the depletion. There is also reason to believe that the geologically favourable areas have been prospected to a greater extent than is generally supposed. It is also true that large producers in Canada's main gold area are now down over 4,000 feet, and some over 5,000 feet. This situation should not be overlooked.

The list submitted is the best list that has been prepared, yet it is in error in important particulars. The proposal is that we can and should prepare accurate statistics in regard to our mineral wealth. We cannot understand the engineering complex that glories in exaggeration.

These lists should be compiled for every known mineral. If a certain mineral does not occur in Canada, this fact would be noted. Some of the information needed is now available in the files of the different Departments of Mines, and much of it is still to be gathered. The collection of this information, its presentation in tabloid form, and its periodical revision, is a work that we consider of national importance.

Give the public the facts, and waste and extravagance will be eliminated as they have been in all successful mines and as they are in successful countries. Members might ask Mr. Browning, Chairman of this meeting and General Manager of the Britannia mine, if the Britannia would be running today if he had based his expenditures on ballyhoo instead of carefully ascertained facts. If Britannia had not faced the facts, several hundred men would now be out of work, and if Canada had faced the facts, as has Britannia, unemployment would not now be a serious matter in this Dominion. It is time to get down to something less pleasant, but more effective, then ballyhoo. If we face the facts, we can cut costs, lower taxes, mine marginal ore, stop soil drifting, produce wheat from marginal areas, salvage timber now left to rot, and re-forest our land. All this will help employment.

Do not fear for the Canadian people. In the war days, recruiting was best when the news was bad. Give Canadians facts and fairplay and there will be one economic Vimy after another. I am an optimist and I speak with enthusiasm when I think of what could be done with this country, low-grade as it is, if we would only get rid of this wretched ballyhoo. The important thing in Canada is not whether capitalism, national credit, social credit, or socialism prevails. The important thing is whether or not ballyhoo prevails. If it does, it will, in time, wreck ~~our~~ system. With these stories of great wealth prevalent, there is no incentive to find ways and means. There is no urge for an economic victory so long as Canadians are taught that we can afford to keep men in idleness, to pay two men to do the work of one.

## THE RAILWAYS AND THE MINES

This condition exists to a pronounced degree in our railway organization. Alleged mineral resources have played an important part in our railway policy. In 1902, Sir Wilfrid Laurier, in introducing his bill for a third transcontinental railway, justified the construction of the Grand Trunk Pacific in the following words:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119210

"It is established that the railway would place us in communication with the Omineca district, famous for its gold mines which today are idle because it is impossible for the miner to get access to them with his tools and provisions but which, probably, the moment we secure access to them will develop into another Klondike."

I do not know who told Sir Wilfrid this fiction, but we are now planning major projects with little better justification. In regard to one of these, I was recently told, "Oh, So-and-So says it is all right". We need something more definite than this. We need a signed report by competent engineers and time to consider this report before construction begins on any project. We need to look into these matters just as carefully as did the Flin Flon before it spent its millions on the development of that project.

Sir Wilfrid's justification for the National Transcontinental was based on belief in the existence of adequate natural resources, including mineral resources, and was covered by the statement:

"It is established that the region between Winnipeg and Quebec is rich in all those resources that go to make up a fine agricultural and industrial country".

Default was made on both these promises, our second and third railway systems became bankrupt, and in 1922 they were combined and have since been operated by the Government. The only reason for this policy was that we considered that the natural resources along these lines would provide the freight to justify our action. Continued publicity of this sort is what has maintained our railway policy. That this same type of publicity is still current is evident from broadcast No. 6, delivered by the Minister on March 6th last, in which he said:

"If, within the next five years, we achieve in the development of our mineral resources what it is quite possible to achieve, we shall have solved our railway problem".

This statement commits the industry to action on an unprecedented scale. Our National Railway deficits run about $100,000,000 per year. This is made up of operating losses, interest, and depreciation. There are now only four of Mr. Crerar's five seasons remaining. Does anybody believe that we can find and equip mines in that time to wipe out that huge deficit? The result, as I see it, will be further delay in solving this matter and several hundred millions added to our debt.

Let us go into this matter further. In this Province, the Canadian National operates 703 miles from Yellowhead to Prince Rupert, 518 miles from Yellowhead to Vancouver, and 116 miles from Kamloops to Kelowna. There is only an occasional small mine in that entire mileage and no major operation in sight. There is, as yet, no indication of an appreciable increase in coal or metal freights on the Prairies or the adjoining Precambrian. As for Ontario and Quebec, I submit the evidence given here last November.

Mr. J. Y. Murdock said:

"Many promising discoveries have been made in recent years, and some new mines developed, but not in sufficient ratio to counterbalance the ore depletion of existing mines".


119211

Mr. C. G. Williams said:

"It is a very unfortunate fact, but one which, if thoroughly investigated, I believe will be generally accepted, that mining development in Canada is not keeping pace with mine exhaustion".

Mr. G. C. Bateman said:

"The development of new mines is unfortunately not keeping pace with the depletion of old ones".

As for the Maritimes, an appreciable increase in coal freights, should it materialize, will be offset by heavy subventions. Where, therefore, is the greatly increased freight to come from?

The idea that reduction in taxation will encourage mine finding is good but not practical, as a perusal of the budget addresses of Messrs. Dunning and Hart will show. Mr. Dunning is now quoted as saying that there will be a further increase in taxation. We are told of the great success of the T. & N.O. This is more ballyhoo, as this road is a financial failure and now owes the Ontario Government well over $30,000,000. If this railway, stated to be well managed, through the richest part of the Precambrian, cannot pay, except indirectly, what chance is there for other railways through poorer sections? The stories of how the mining industry supplies the railways with a third of its freight are also misleading. It is revenue that comes first, not tonnage. In 1934, the railways received $230,324,942 in freight receipts and $12,320,584 in express, or a total of $242,654,526. We have the statement of Mr. Crerar in the broadcast referred to that "producing mines alone, not including junior properties, paid our railways over $12,000,000 in freight and express in 1934". Suppose, in order to include items left out, that we double the figure, it would mean that the revenue from mining freight would only represent 10 per cent of the total. There is no definite information available, but I should say that the mining freight handled by the Canadian National supplies not more than $10,000,000 to that railway. How can any increase in sight wipe out that huge deficit?

## NEW MANAGEMENT SHOULD TAKE STOCK

I wish here to emphasize the importance of this matter to younger men. To these I say: You will soon be taking over the management of this Dominion. You will take over a debt referred to as aggregating about ten thousand million dollars. This debt has been carefully listed and the bondholders will not let you forget it. You will be expected to pay this debt and to pay it with interest, and, though you did not contract it, you are being told that you are "dishonest and unsportsmanlike" if you repudiate. To pay this debt you are referred to a heritage of unlimited wealth of natural resources. "The future," you are told, "will attest the truth of this claim". My suggestion is that you back me up and have the truth of this claim attested before you accept responsibility for the debt. If the goods are not on the shelves, you have a perfect right to tell the world that you will be responsible for only a limited amount of debt. Let us, therefore, have these assets listed with the same detail as the liabilities. The Provincial Government added ten millions to our debt last year and, though you may not know it, this addition, like the original debt, is for your account. It is also planned that, for the additions the Dominion Government is making, you,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119212



not we, will do the paying. Now is the time to check over in detail these assets, before those responsible pass off the scene. If there is any way in which I can be of service to you, I hope you will let me know.

In the earliest days, Moses not only numbered his people but he listed the land, the grain, and even the goats, and of these one-tenth was set aside. When ballyhoo dominated, the Jews went broke and entered captivity. Thousands of years later we do not seem to have learned this lesson. There should be no time lost in numbering the resources of this country, in making an honest appraisal, and in acquainting the shareholders of this Dominion with the unvarnished facts. The new national policy here advocated, therefore, is nothing more than the age-old policy of Moses—that we take stock of our resources.

I am called, by leading men in the industry, a pessimist, a knocker, a crepehanger, and many other things. If it will serve any useful purpose, I am prepared to admit that I am beyond the pale. The issue before you is not my shortcomings, but whether fact or fiction is to prevail in Canada. Do you, or do you not, want an accurate inventory of our mineral wealth? That is the question that we can settle here and now.

' ' '

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

/

119213

Ottawa,
May 26, 1938.

#9

Mr. D. B. Niblock,
2350 W. 35th Ave.,
Vancouver, B. C.

Dear Sir:

Your letter of 20th instant regarding the Railway investigation has been received by Mr. Meighen and handed to the Secretary of the Senate Committee dealing with the matter.

Yours very truly,

E. Private Secretary.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D. B. NIBLOCK

Mail 14th/98

Mr Arthur Meighen
Ottawa Ont.

Dear Senator:

It has been of great interest the affairs of the C N R & C P R and the heavy debt to the country and I believe that I could present to your committee considerable information which would be of benefit to you if you so desire wire me the price of tickets & I will give you first hand information.

The railways of Canada can be (will be in time) consolidated to a big expense saved but by different set of officials.

Yours Sincerely

D. B. Niblock

2350 W 35 Ave.
Vancouver B.C.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119215

#9

Ottawa,
May 26, 1928.

Mr. R. F. McWilliams,
Box 61,
Rockwood, Ont.

Dear Mr. McWilliams:

I have your letter of 22rd May and have read it with very greatest interest, and indeed, with some satisfaction. Frankly, my views on the whole situation are not out of accord with your own at all. At the same time, we must all remember that whatever a Government may do may be upset if the people immediately defeat the Government and bring in others to power. Under Democracy some regard must be had to the ability to do the right thing.

There are too many men in public life, though, who make no attempt to do any thinking, but follow the easy course of trying to find out what the public want and then do that so as to keep popular with the public, although they may know it to be absolutely wrong.

I note with very great sympathy what you say as to the unfavourable position our farmers are in as respects the better organized labour of our Railways. Right there is a problem--one of the biggest which this or any country faces now.

With kindest regards,

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Box 61 Rockwood May 23-38

Senator Arthur Meighen 1926

Dear Sir = I wonder if you will pardon an old retired farmer his presuntion in writing to offer a suggestion or two.

I understand President Beatty of the C. P. R. is to present to the Senate his case in favor of the amalgation of our two railroads this week.

In March 1933 - the conservatives had a committee meeting in Guelph at which Hon. Hugh Guthrie our member for South Wellington was present. In discussing different questions he told us of the enormous deficit which the C. P. R.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

was going to have to face that year or rather the Government on their behalf & I said. Don't you think the best thing to do would be to turn it over to the C.P.R. & let them opperate it under certain restrictions & regulations.? To which he promptly replied most certainly I do but no party dare go to the country with a policy of that of that Kind. Angus Dunbar a young lawyer spoke up & said I think you are wrong Hugh, that might have been the case a few years ago but I believe the vast majority of the people realize now that somthing has got to be done or the C.N.R. is going to bankrupt the country & Hugh said I wish I could believe it we would soon end our R.R. trouble. Conditions have been getting worse ever since & it seems hard to believe that men whom we elect to Parliament (& think we are electing statesmen) should be so utterly devoid of the responsibilty of their position & so lacking in courage as to be afraid to express their opinions & vote for what they Knew would be best for the country.

How long do you expect the farmers of the country to remain loyal when while working 16 hrs a day themselves they are being taxed off their farms to help pay R.R. men more in one year for an 8 hour day than they make in 3.

To cite you one example of what looks to me like absolute folly in their business management.

In 34 a cousin & his wife & my wife & I were going out to the coast & as none of us were young had we been able to get reasonable rates would have much preferred going by train than motoring.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

They were giving 2¢ a mile rates good for 45 days but we wanted to be away 4 mos as some of my family live in Vancouver & we wanted to make several side trips to visit friends & places of interest on the way.
The trains were running anyhow & what possible difference could it make to their profit whether we came back in 45 days or 45 weeks so long as they had our money & they would have had some profit on our meals & berths, as it was they lost the whole thing. Was it good business.? For goodness sake put that brilliant brain of yours to work on the probalem & help solve it someway befor the R. R. puts the country any further in the red. Remember to whom much is given much will be expected & unless you & those of like ability can solve this tremendous debt probalem of our country the future certainly won't be very bright for those who come after us. Yours truly,
R. J. McC. Williams

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CANADIAN PACIFIC RAILWAY COMPANY
OFFICE OF THE COMPTROLLER

E. A. LESLIE,
COMPTROLLER
W. R. PATTERSON,
ASSISTANT COMPTROLLER
S. J. W. LIDDY,
ASSISTANT TO COMPTROLLER

119219

MONTREAL, May 26th, 1938.

IN YOUR REPLY REFER TO FILE NO. A-22-6.

Mr. S. T. Malkin,
Orrville, Ontario.

Dear Sir,-

In reply to your letter of May 20th, I am enclosing a copy of the memorandum previously sent to you. Based on the information contained therein, the average number of employees per mile of line operated in 1937 was 3.55 for the Canadian National Railways and 2.80 for the Canadian Pacific. The average compensation of Canadian National employees was $1,482.00.

Yours truly,

E A Leslie
Comptroller.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119220

O. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
OF THE ONTARIO BAR
MELVILLE B. GORDON
CHRISTOPHER ROBINSON
OF THE QUEBEC BAR

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

CABLES
LAURENTIAN, OTTAWA
TELEPHONE 2-2486

OUR FILE No. 2090-1.

May 28, 1938.

#9

Rt. Hon. Arthur Meighen, P. C.,
The Senate,
Ottawa, Ontario.

Dear Senator Meighen:

Re Railway Inquiry

I enclose a memorandum on the subject of the future course of the inquiry. I have sent copies of it also to Senators Dandurand, Beaubien and Graham.

Yours very truly,

BMMc
Enc.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

2090-1
119221

MEMORANDUM

Senate Railway Inquiry

1. Only five weeks intervene before July 1st. To complete the inquiry in June a very definite programme will be essential. Moreover, I have had word that I must be before the Privy Council on July 4th, which means that I must sail not later than June 25th. The Committee will no doubt desire that I should arrange for the attendance of any witnesses who cannot be examined before I leave.

2. Of course, if the Committee desired to explore all the collateral issues which might be raised the inquiry might be indefinitely prolonged. If, on the other hand, it were satisfied to confine itself to a full examination of what appears to be the main issue, I see no reason why it should not be able to complete its work during the next four weeks.

3. This main issue appears to be whether, balancing the economies to be obtained by united management against its possible social disadvantages, unification is to be preferred to any alternative course when the economies to be obtained from each course open are balanced against its disadvantages.

4. On this main issue the principal remaining question of fact seems to be whether, within about five years, economies of the order of $50,000,000 - $75,000,000 can be secured by unified management even if line abandonments are confined within narrow limits.

5. To answer this question no doubt involves decisions on several politico-social problems, but in arriving at these the evidence of witnesses is not likely to be of much assistance to members of the Committee. There are, however, abundant sources of evidence upon them, and it would be useful to have determined which, if any, of these sources the Committee desires to tap and how far afield it desires to go in considering what I have described as the main question of fact.

6. On this question we shall next week have the evidence of some seven or eight officers of the Canadian Pacific Railway in support of the estimate that by an arrangement for unified management economies substantially exceeding $50,000,000 annually would be made available for division between the owners of the Canadian National and the Canadian Pacific. No doubt the Committee will desire to hear what officers of the Canadian National have to say about the soundness of this estimate. I should imagine that evidence of this character would be likely to occupy about two weeks.

7. I doubt if outside the two railways and the staff of the Board of Railway Commissioners there are witnesses with such an intimate technical knowledge of the Canadian railways situation as to make their evidence on the question of the amount of possible economies of very great value, and it would probably be objectionable to invite officers of the Board of Railway

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119222

Commissioners to express to the Committee opinions on points upon which the views of officers of the two railways were in disagreement.

8. On the question of possible economies it may be thought desirable to have evidence dealing with the experience in Great Britain, France and the United States. With regard to Great Britain the Committee will have before it certain documentary material. The United States situation has been glanced at from time to time and that in France has been mentioned. Mr. Hungerford and Sir Edward Beatty are in agreement that no detailed examination of the experience in other countries is likely to be of much value.

9. Representations have been made to members of the Committee and to me that the wages of railway workers generally have in the last twenty-five or thirty years increased more than in proportion to those of workers in other occupations requiring equal technical qualifications. What information I have been able to obtain on the point indicates that the question is a very confused and difficult one which if entered upon would involve a complicated and prolonged inquiry. As it is not raised by the railway managements I doubt if the Committee could usefully attack it at least at this stage.

10. Quite apart from it and in relation to the other questions raised Mr. A. R. Mosher, the President of the All-Canadian Congress of Labour, has asked for an opportunity to submit a memorandum, either before June 4th or after June 21st, and Mr. W. L. Best, Vice-President of the National Legislative Representative Brotherhood of Locomotive Firemen and Enginemen, has requested that representatives of the railway unions should be heard. Independently of any question as to the level of railway wages the Committee will probably desire to hear labour representatives, unless the members are unanimous in considering that proper protection of individual railway workers can be afforded and must be an essential feature of any action which Parliament might take.

11. Mr. D. M. LeBourdais has asked for an opportunity for representatives of the National Railway League to submit their views. I have asked Mr. LeBourdais to let me have a memorandum indicating the nature of the submission the League desires to make.

12. Apart from railway witnesses the Committee may desire to hear the views of bankers as to the existing and prospective financial position of both the country and the railways, of shippers and representatives of commercial organizations as to the money value, in terms of taxes, of securing continued competition between the two railways, and of more or less academic students of the railway situation, of whom there are several, both in and outside of universities, who might be called upon.

13. I suggest the desirability in the circumstances of an early decision on these points relating to the scope of the inquiry.

Ottawa, May 28th, 1938.
BER

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

#9

Orrville Ont.
May 30/38

119223

The Hon A Meighen

Ottawa Ont.

Dear Sir:-

In reply to your letter of May 17th
The authority for my computation on the
high costs of the C.N.Ry & the C.P.Ry are as
follows. which I hope may be useful.

yours truly
S.T. Malkin

Canadian national Rys annual report
for the ended Dec 31. 1937.

| | |
|---|---|
| Miles operated during the year | 23.707 |
| average no of Employes | 79.~~779~~ |
| total pay roll | $117.804.769 |

C.P. Ry per E.A Leslie Comptroller.

| | |
|---|---|
| average mileage operated 1937 | 17.222.7 |
| " Number of Employes | 48.177 |

The average number of Employees

| | |
|---|---|
| on the C.N. Ry per mile was | 3-55 |
| " " C.P. Ry " " | 2 80 |

Average wage on C.N.Ry $1.482 per annum

appx $889- per mile more on the C.N.Ry
than on the C.P.Ry

S.T. MALKIN

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PUBLIC ARCHIVES CANADA
ARCHIVES PUBLIQUES CANADA
MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

# ACTION NECESSARY TO PRESERVE C. N. R.

Daily Times, Moncton, N. B. May 30,1938

#9

## PROPOSAL ABANDON LINES AND SERVICES A GRAVE SITUATION

**(AN EDITORIAL)**

As the Senate Committee inquiry into Canada's so-called railway problem proceeds, a great deal of interest is being aroused in the question. The matter is necessarily an involved one and there are many aspects, national welfare, economics, etc.

One of the main arguments put forth by the proponents of co-ordination or amalgamation is that of economy. There is a wise economy, and also false. If one is to be consistent and economy is a major issue, then it is obvious that that phase must be followed to its ultimate conclusion.

On this basis let us consider just what this means insofar as the Maritime Provinces are concerned. To begin with the Canadian Pacific has two trains, one daily train and one daily except Saturday, out of Montreal to Saint John, and two in the opposite direction, as has also the Canadian National. Now the thing to do would be to take off a train from each railway in each direction, the morning train out of Montreal, say, to be over the Canadian Pacific and the evening train over the Canadian National, and vice versa.

In the matter of freight, the shortest haul to seaboard from Montreal is to Portland, and, economy being the watchword, then it is wasteful to haul it all the way to Saint John or Halifax. So, to Portland it should go, particularly as the National System has a direct line to Portland.

* * * * *

The Atlantic Region with the Atlantic Division of the Canadian Pacific could be made into a mere General Superintendent's division, seeing that there would be only two through passenger trains from Montreal and two in the opposite direction, and a very greatly curtailed freight movement, the bulk of it going to Portland.

It would be the natural thing, therefore, to close the railway shops at Moncton and McAdam. Modern locomotives are very hardy and the obvious thing to do would be to send engines requiring general repairs to Montreal where there are two large shops, one belonging to each

Daily Times, Moncton, N. B. May 30,1938

railway. One of these will have to be closed, and repairs in the East will be confined to what are termed running repairs done in roundhouses.

The General Offices in Moncton would also be abolished, and the General Superintendent could be located either at Saint John or Moncton with a much smaller staff.

There would be no need of duplicate freight or passenger staffs, so one of these could also be done away with.

* * * * *

With the greatly diminished train operations the coal consumption would be greatly curtailed and this, of course, would cut the coal purchases in the Maritimes by about half. The Canadian National at the present time purchases coal to the value of $6,700,000 in the Maritimes, and this lessened coal consumption would, of course, greatly curtail the output of the mines. Much smaller purchases of materials and supplies would also follow with a greatly lessened amount of money expended in this part of Canada.

These are only a few of the factors which would be involved and they would have their reaction all along the line, affecting every individual. Real estate values would be lowered as there would be a much lessened number of employees; tax returns would be considerably curtailed, and taken by and large there would be a big financial loss to the Maritimes.

If economy is not to be the sole guide but national development and the use of our own natural resources is to be taken into consideration, then the whole case for co-ordination or amalgamation falls to the ground.

One of the main remedies with regard to the railways is the elimination of highway competition as Australia has done. This can be brought about by a heavy license fee, the same as was done by the Antipodean Government. Trucks and busses should be confined to routes not served by the railways and they should be eliminated where they parallel railway service.

* * * * *

The Canadian Pacific in its submission to the Senate Committee of proposed abandonment of lines would scrap 3,258 miles of Canadian National Lines and only 1,705 miles of its own road, certainly a most prepostrous proposal. The Diamond Jct.—Moncton section of the National Transcontinental Railway, one of the stretches the Canadian Pacific would like to see abandoned was cited by an official of that road as not being of any great value. Now, let us see! The Transcontinental is a line possessing the most even grades in Canada and affords an artery for most expeditious handling of traffic between Upper Canada and the Maritimes.

The C.P.R. contention that it is little used is absolutely refuted by figures furnished by the Canadian National officials of the daily average (including Sundays) of carloads of revenue freight handled in the months from November, 1937, to April, 1938, inclusive, and embracing the Chipman, Grand Falls and Glendyne sub-divisions. The daily average of eastbound loads on the former ranged from 177.3 to 113 and in a westbound direction from 134.1 to 92.3, while on the second named sub-division the daily average eastbound loads were from 171.2 to 113.6 and westbound from 136.4 to 94.9. On the Glendyne sub-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

division the daily average eastbound figures ranged from 170.8 to 111.1, while the westbound averages were from 145.7 to 88.9. All of these serve to illustrate that freight traffic density over the N.T.R. is very substantial and lends ample justification to the argument that this line should be maintained in operation as a unit of the Canadian National.

* * * * *

Were it to be imagined for a moment that abandonment of the N.T.R. line would ensue and the plan of the Canadian Pacific to share the Maritimes-Upper Canada traffic become effective, it would mean not only a great loss of traffic to the Canadian National, but higher operating costs over the C.P.R. route through the State of Maine due to the heavy grades on that road. Whereas now, for instance, for every two trains operated over the N.T.R., the C.P.R. would have to operate three, and then again part of the revenue would be diverted to railwaymen of another country. With the present average of traffic handled by the Canadian Pacific, it would be physically impossible for that road also to efficiently take care of that handled over the N.T.R. and retain the export and import business for Canadian ports. Then again there is still another angle, that of having a direct line through Canadian territory in case of war. With the Canadian Pacific operating 201 miles of line in Maine, this would prevent the use of that route in event of a conflict. The entire case for abandonment of the National Transcontinental is absolutely unjustifiable and any attempt to give action to such a proposal would in our opinion, cause a veritable revolution among the people of this country.

* * * * *

While grave possibilities surround such abandonment proposals as that involving the National Transcontinental, the situation would become even more grave if the plan was carried out. What would happen to the fine Moncton shops and regional general offices? Abandoning of trackage is only one phase of the concerted attack to unscramble the Canadian National System. Dismantling of Moncton shops and decimination of the Atlantic Region headquarters here would inevitably follow if the large-scale abandonment of lines in the East were permitted. Then what would become of Moncton, the progressive city of the Maritimes? With the backlog of its prosperity removed, it would in a short time become a decadent centre. The population would necessarily have to remove to other places and the resultant effect would be the closing out on a large scale of its business establishments. To permit any destructive move that would result in chaos at a time when stability is needed most must be opposed by a solid front with every means in the people's power. The time to act is now and local public bodies should give leadership in a crusade that will forcibly serve notice upon those in whose hands lie the destiny of this country that wholesale abandonment of Canadian National lines and other co-related services will not be tolerated.

119226

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119227

#9

Ottawa,
May 31, 1938.

Mr. R. H. Mode,
President, Sturgeon Bridge Gold Mines,
Room 112, 23 Scott St.,
Toronto, Ont.

Dear Mr. Mode:

I have your letter of 26th May, which I have read with interest and satisfaction.

Mr. Beatty did make a splendid presentation. He has not, of course, stated the terms upon which the Canadian Pacific would be ready to come to a unification. He could not be expected to do so, because the Committee to whom he would state them has no power whatever to negotiate on behalf of the Canadian National.

As respects abandonment of lines, there are some, doubtless, which could be abandoned, but I think I can assure you there will be none abandoned unreasonably, and that the first concern in all such matters should be fair treatment of settlers affected.

Without abandonment at all, however, the contention of the C. P.,--and very ably supported it is--is that tremendous savings can be made by the utilization of one duplicate line as a main traffic line, and utilizing the other as a local line, necessitating a much lower standard of maintenance. In fact, only about 10% of total savings depend on abandonment anyway.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TELEPHONE
ELGIN 0816

119228

# STURGEON BRIDGE GOLD MINES

Room 112 LIMITED 23 Scott Street

HEAD OFFICE [redacted]

TORONTO, CANADA

OFFICE OF PRESIDENT

MAY 26, 1938.

Rt. Hon. Arthur Meighen,
Parliament Buildings,
OTTAWA, Ontario.

Dear Mr. Meighen:-

I wish to commend the position you are taking in the investigation now going on before the Senate into the problem connected with our railway situation in Canada. So many factors have to be considered in connection with the solution we would like to reach, that the problem is a difficult one on that account, rather than from a strict business settlement of the difficulties confronting us.

I judge from the newspaper reports that you are endeavoring to bring forward a business solution, rather than one influenced by some of these outside facts. I thought Beatty made a fine presentation of his subject. I may be cordial to him as an old friend, for we were University classmates, but I felt that he advanced the clarifying of the situation by the way he presented his material. I say this in spite of the fact that I do not personally agree with his solution, for I think he is asking the C.N.R. to give up too much in favour of his own system.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.19229

I would like to ask for a greater consideration of the public who must be harmed by the dropping of railway lines as seems inevitable. Beatty asked that the C.N.R. line from Sudbury to Port Arthur should be abandoned and the C.P.R. line retained. As a frequent traveler over these lines for many years and having business along them I think the future is with the C.N.R. line and not with the C.P.R. line and that the C.P.R. line should be the one abandoned. There is no prospect at the present of future mines along it and its timber resources are long since depleted. They are largely depleted along the C.N.R. line but a vast mineral Empire is arising along the C.N.R. from Gogama to Nipigon.

The tragedy of the people living along lines which might be abandoned is illustrated by the appeal presented to your committee by a man from Hornepayne. I think no such tragedy should be permitted.

My contention is that if either one of these stretches of lines were abandoned that a motor highway should take its place to promote the business of the communities now established along the railway lines. I think it is up to all parties concerned to protect the people who have established themselves in full reliance on railway facilities. In the case I have just cited, if the C.P.R. line were abandoned, the Transcontinental highway could come through the same territory affording facilities to people otherwise deprived of the same.

I am,

Yours truly,

R. H. Moore.

RHM:KH.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 187)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS

Series 5

(M.G. 26, I, Volume 188)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119230

Ottawa,
June 2, 1938.

Dear Mr. Reid:

I just received your letter of 1st with enclosure, for which I thank you.

You ask what members of the Senate are Directors, officers, bondholders or stockholders of the C. P. R. I am sure I cannot tell you. As far as I know, there is no Senator a Director of the Company or an officer, and I do not know of any way of finding out what Senators, if any, are bondholders or stockholders, except to go around and ask them, and I do not think you would expect me to do that. One thing I can assure you of, and that is that I have not five cents interest in the bonds or stocks of the C. P. R. directly or indirectly, or any other way.

The time has come in this country when we have either to use a lot of courage and commonsense or go broke, and when we get to that stage, big matters should be discussed solely on their merits. Having sat in this Committee for weeks, I can assure you this is a tremendous problem, and all we can hope to do is to aid somewhat in its solution.

Yours very truly,

Mr. R. A. Reid,
905 Kent Bldg.,
156 Yonge St.,
Toronto, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Personal

11923

905 Kent Bldg.
156 Yonge St.
Toronto, Ont.
June 1st/1938

Dear Senator Meighen:

I wonder if you can have a list compiled for me of all those members of the Senate who are either bondholders, stockholders or directors or officers of the C.P.R. I understand there are quite a number of those patriots and disinterested, unbiased and unprejudiced Senators, who are in favour of amalgamation, and also of being such shareholders & at the same time. They are like the fellows who suddenly give

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119232

up all such connections on becoming either Cabinet Ministers or Prime Ministers, and then, after leaving those posts, are found back on the old stamping grounds once more as shareholders, directors &c. No wonder we are breeding a race of morons in this country who are simple enough to believe all this is quite legitimate. I must maintain my views.

I have been asked to contribute a few columns of "plums" at Beatty's proposals ~~and~~ ~~about~~ I have put together about 40 preliminary pages of manuscript. I would like the information I ask to fill in a place I have left for that matter.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I-2 9233

I am informed that Senator Beaubien is a large shareholder and also a director. Is that a fact?

I was up at the Hydro Inquiry for a short time today and heard Mr Lyon belabour Sir Herbert Holt. He said that Holt had boasted that he smashed two governments at Ottawa and moved smash another in Ontario if necessary to gain his ends. He did not mention which governments, but I asked him afterwards to what he referred and he said Rings government in 1920 because he had given Beauharnois a charter in opposition to the Montreal Light Heat & Power Co.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

8232



119234

and Bennetts in 1935 because he had brought on the enquiry into Beauharnois and indirectly injured Hall's companies, and he had threatened Hepburn if new contracts were not made with Beauharnois which he Hall now controlled.

Excuse my bad pencil.

Sincerely yours,
Robert A. Reid

P.S. I enclose an article of mine in Todays Globe.
R.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119235

Ottawa

THE SENATE
CANADA

#9

June 2nd 25

Rt Hon Arthur Meighen

I am enclosing herewith
Copies of Speeches of Hons W D Euler
and Hon James Murdock
as reported in the Waterloo
Sentinel Review on the Railway
problem on the dates mentioned
which may be of some interest
to you. Yours truly Murdock

Yours truly
D Sutherland

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119236

By-election South Oxford, April 16th, 1934.

Woodstock Sentinel Review, March 22nd, 1934.

Report of Honourable W. D. Euler's speech at Ingersoll, March 21st, 1934.

"In my opinion the railways cannot continue unless they get together," declared Hon. W. D. Euler, M.P., former Minister of National Revenue, speaking last evening at a rally here in the interests of A. S. Rennie, Liberal candidate in the South Oxford by-election. "We have said in the past competition is the life of trade. Well, I don't believe it. Competition in many instances, and especially in the operation of railways, is death. My own belief is that our railways are wasting money by competition with each other. Sir Henry Thornton was authority for the statement that if they were amalgamated it would save 75 to 100 million dollars a year. I do not believe in handing the Canadian National to the C. P. R., because we would still have the interest to pay, but if you had amalgamation under public ownership there would be some possibility of getting out of the hole ultimately."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119237

Woodstock Sentinel Review

August 21st, 1924.

Premier King and Members of his Cabinet at Woodstock,

August 20th, 1924.

Hon. James Murdock on - UNEMPLOYMENT.

"The question might be asked: "Why are there so many unemployed in Canada?" said the Minister. "The truth is that many of the unemployed want to know first what they are going to get for their services rather than go to work, and get, as in the old days, what it was possible to get. The national resources of farm, forest, mine, and sea exist for those who want to work under what those natural resources can afford to pay, I have no sympathy with many unemployed, but the department is at the service of the unemployed, and I may say, the employed, too. My advice to the unemployed is "Get to work at a price the industry or undertaking can afford to pay you." The question asked, "What will I get? only results in the employer not being able to pay the price set by the workman's conditions,"

"Let the unemployed realize that we expect them to get out and hustle as the rest of the citizens have had to do," said the Hon. Mr. Murdock, to the accompaniment of loud hand-clapping.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119238

O. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
OF THE ONTARIO BAR
MELVILLE B. GORDON
CHRISTOPHER ROBINSON
OF THE QUEBEC BAR

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

CABLES
LAURENTIAN, OTTAWA
TELEPHONE 2-2488

OUR FILE No. 2090-1

June 7, 1938.

#9

Rt. Hon. Arthur Meighen, P.C.,
The Senate,
Ottawa, Canada.

Dear Senator Meighen:-

RE: Railway Inquiry

I enclose copies of the letters that I have written to Mr. Hungerford and Mr. Rand asking for the assistance of the Canadian National officers in connection with the questions under consideration.

Yours very truly,

Enc.

BMM

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

011239

O. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
MELVILLE S. GORDON
CHRISTOPHER ROBINSON

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

CABLES
LAURENTIAN, OTTAWA
TELEPHONE QUEEN 465

OUR FILE No.2090-1

June 6th, 1938.

S. J. Hungerford, Esq.,
President,
Canadian National Railways,
Montreal, P.Q.

Dear Mr. Hungerford,-

The proposals and views of the Canadian Pacific have now been pretty completely laid before the Senate Committee, and the next steps indicated in my letter to you of April 26th now fall to be taken. I have no doubt that the Committee will desire to hear your views on the various points that have been the subject of discussion, and that Mr. Fairweather's evidence will also be useful. There may be other officers of the Canadian National who would be in a position to assist the Committee by their comments.

I suppose I may communicate with Mr. Rand with regard to the details of the arrangements to be made and to discuss with him when it would be most convenient for you to attend.

Yours very truly,

BER

NOTE—THE FOREGOING COPY IS SENT FOR YOUR INFORMATION

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119240

O. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
MELVILLE B. GORDON
CHRISTOPHER ROBINSON

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

CABLES
LAURENTIAN, OTTAWA
TELEPHONE QUEEN 465

OUR FILE No. 2090-1

June 6, 1938.

I. C. Rand, Esq., K.C.,
Commission Counsel,
Canadian National Railways,
Montreal, Que.

Dear Mr. Rand:-

No doubt the Committee may desire to hear Mr. Hungerford and Mr. Fairweather not only on the question of the savings that could be effected by unification but also on some of such general questions as have been raised, most of which I think are set out with others in the memorandum covered in my letter to Mr. Hungerford of April 26th. There may also, however, be other officers of the Canadian National who could throw light on the situation and I should be glad to go into this question with you are any time that might be convenient.

As I said to you last Thursday I am inclined to think the evidence on the question of unification saving might properly be concentrated on the soundness or otherwise of the assumptions which underlie the Canadian Pacific estimates. These, as I understand the position, are that under a management not directly responsible to the Minister of Transport, (1) C.P.R.

NOTE—THE FOREGOING COPY IS SENT FOR YOUR INFORMATION

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

011924



unit costs might properly be applied, (2) train and car miles might be eliminated as set out in Exhibit 49 (B & C), (3) the joint coal bill could be reduced by the percentages assumed, and (4) substantial savings could be effected by the joint use of all station and terminal facilities.

As I have already indicated in the correspondence we have had on the subject, the soundness of Mr. Fairweather's $56,000,000 estimate as submitted to the Duff Commission will also require to be discussed.

I should like to have an opportunity of discussing the whole situation with you as long in advance of the re-assembly of the Committee as possible, but I suppose you will hardly be ready for this before Saturday or Monday. Perhaps in the meantime you could let me have a memorandum giving the names of the witnesses whom you think the Committee might advantageously hear and the topics to which the evidence of each might be directed. We could then when we meet discuss the order in which it would be most convenient to call them.

Yours very truly,

BER

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119242

Ottawa,
June 8, 1938.

9

Mr. Jas. Norris,
Toronto, Ont.

Dear Sir:

I have your letter of 7th.

The National Railways Directorate manage or are supposed to manage the operations of the Company through their General Manager. I am told, however, that since the passing of the new Act two years ago, there has been virtual direction of all matters of policy by the Minister of Railways.

I quite agree with you that waste should be avoided, but unless a new system is set up, I don't think it is going to be avoided.

Yours very truly.

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119243

June 7th, 1938

Rt. Hon. Arthur Meighen,
Senator,
Parliament Bldgs.,
OTTAWA

Dear Sir:-

The Governments, both Federal and Provincial, City Council and Board of Police Commissioners should investigate and stop the establishment of a Fruit Terminal and Farmer market in the ditch at the Foot of Simcoe and Front Streets - The most CONGESTED freight area in the City of Toronto.

How can we permit an increase of a thousand farmer vehicles and two thousand fruit vehicles daily to frequent that area through the only street leading to it, Simcoe Street, on top of the present congested traffic existing there? Front Street is continuously interrupted with both railways switching over it, so that we cannot expect relief from there.

Why not establish the market in the logical location on Fleet Street, east of Yonge Street? Of course, this will not permit the splitting of the juicy mellon between the three major fruit property holding firms who are pushing this deal. They have already obtained control of the new market, if built at the foot of Simcoe Street, through their extensive lobbying.

Why should Canadian National Funds, which is public money, build a market and hand it over to a few individuals for private exploitation.

Why should not the market be built by both railways, and conducted by them on the proper location, where facilities can be provided for the future needs of the City, and avoid individual profiteering and mortgaging the future market with a half million dollar unnecessary outlay on the top of its own cost of erection?

Yours truly,

JN:IM

Jas. Harris

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119244

Ottawa,
June 8, 1926.

#9

Mr. D. S. La Rue,
60 Dundas St. East,
Belleville, Ont.

Dear Sir:

I just received your letter of 5th instant with clippings from "The Citizen" on the Railway question, and can assure you that the representations contained therein will be carefully considered.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I. 192 (E) 45

Right Hon the Meighen
Senator
Ottawa ont

Belleville ont
June 5th
1938

Dear Sir
I am enclosing clippings from our local papers.
Believe it or not they voice the views of a great number of influential & Buisness men in & around Belleville
Yours Truly
D. S. Carter

2 2

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

## *Letters to the Editor*

60 Dundas Street,
Belleville, Ont.,
June 3rd., 1938

Editor, The Ontario Intelligencer,
Dear Sir,—

What would you think of a farmer who would go in debt for a tractor and then hire his neighbor's tractor and let his own lie idle and then find fault because he could not get along? Or what would you think of a Canadian Taxpayer; part owner in the C.N.R. who finds fault with that $42,000,000 deficit and won't use his own road?

To my mind they are six in one and a half dozen in the other.

If the owners of the C.N.R. wish to see the railway problem settled all they have got to do is to ship and travel C.N.R.

D. S. LaRue

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119247







AL'S TIRE S

GOODRICH TIRES - BATTERIES - ACCESSO

DROP IN AND SEE THE NEW SAFETY TIR

PLAY SAFE! Let us check your tires inside and out

283 Coleman St.


# Patronize Your Own Railway Says Writer

Speaking of the much debated railroad question the Duff Commission advised co-operation while knowing that it was impossible to co-operate and compete at the same time and be satisfactory to both railways.

Sir E. W. Beatty is satisfied with the pool trains between Montreal and Toronto. And why shouldn't he be satisfied? The C.N.R. had the C.P.R. beat a half-hour on the time and in addition was getting about 90 per cent. of the passenger traffic.

But this brings up the question whether it was a square deal for the owners of the C.N.R. It goes without question that if anyone did business for a private company like that they would not hold their jobs very long. The fact is that there's not enough traffic on Canadian railways to support a competitive railway structure. And that is the reason why the government should do the operating. This means that if there were any profits they would remain in Canada. If operated by a private company—and they failed . . . well, what happened when the other private companies failed?

**Could Never Be Monopoly**

Some are afraid of a monopoly if the two roads were operated under one head. How could there be such a monopoly when there are the highways and waterways to compete with? If the C.P.R. were absorbed by the C.N.R. there would be a certain amount of scrapping of some really unnecessary duplication and thereby some money would be saved. This would lead to a lowering of the rates. Eventually it would mean that business would come back from the trucks and busses and some of those railroaders who had been laid off would have to be taken on again.

The railroaders might just as well get it into their heads first as last that there has got to be some scrapping done.

**C.P.R. Shareholders Would Get Money**

On the other hand if the private company had control there would be wholesale scrapping and Sir E. W. Beatty would not lack much of saving his $75,000,000.00. But what good would that do us when around 88 cents of every dollar of his profits would go out of the country to the shareholders of the C.P.R.?

On the other hand if operated by the government and in the interests of the taxpayers there would be a portion of that $75,000,000.00 saved and every cent of it would remain in Canada.

**Country Can't Afford Two Rail Systems**

Everyone agrees that the country cannot stand the enormous expense of operating the two systems in competition and it is also true that everyone agrees that there has got to be something done about it.

Sir E. W. Beatty has a solution but the opponents of unification are opposed to his plans, but fail to come forward with a solution of their own. I have no quarrel with Mr. Beatty for doing everything possible for the interests of the C.P.R. shareholders and his own job, or with the C.P.R. shareholders for shipping and travelling C.P.R. They are advised to do that and are educated as to the best methods to get business for their own company. It was even the case at one time that they were offered cash prizes for the best suggestions for getting business.

To my mind, if the officials of the C.N.R. would use the same methods in operating the C.N.R. as this—I should say our competitors—the whole thing would come to a head in a short time.

How long under those conditions could the C.P.R. hold out?

**Some Timely Questions**

Suppose the president of the C.N.R. would say to the taxpayers:

"It is up to you to settle the railway problem.

"You are not looking after your own interests if you don't travel and ship C.N.R.

"There are about 76 C.N.R. shareholders to every 1 C.P.R. shareholder living in Canada. You are responsible for the debt so why don't you get busy and settle this question once and for all?" Don't think for a minute that if Sir E. W. Beatty had that kind of an argument that he wouldn't use it.

**Post Office A Monopoly Yet Suits Everybody**

As to a monopoly: The best institution in the world is a monopoly. There is no duplication and no competition and scarcely any politics and suits everybody—namely the Post Office. No two mail carriers go over the same route. There are hundreds of rural routes that don't pay but they accommodate and are necessary.

The same applies to some railway branch lines.

We have an example here in this section—a double track from here to Toronto that connects with 26 villages and a single track that does the same.

As I see it we have no use for the third line: The branch line from Trenton to Picton, I understand, doesn't pay but is very necessary.

One way for the Senate Committee to find out why the C.N.R. is not getting a square deal is to guarantee the workers that they won't lose their jobs if they tell what they know and they will find out plenty.

To my mind the proper thing to do is to find out what Sir E. W. Beatty wants done and then not do it.

D. S. LaRUE.

## MAY BUILD $30,000 APARTMENT HOUSE

An item in the Building Record reads that Mr. James H. Armstrong of Trenton will retain an architect to prepare plans for the construction of a new $30,000 apartment house to be erected, the building to contain either ten or twelve suites. In conversation with The Sun, Mr. Armstrong verified this statement but stated no defin-


PIANO TUNING
B. C. SILLS
Orders taken at
WEAVER'S MUSIC STORE
Phone 1031 or 1708J

CARTAGE AND HAULING
of all kinds
RONALD WAITE
Phone 331W

LESLIE'S
SHOE STORE

Ladies' White Shoes
High, Gores, Ties, Pumps, Straps

Kedettes
The Latest Thing in Sportwear

Men's White Dress Shoes
Highest Quality

Sisman's Scampers
For Every Member of the Family

WE CARRY THE BEST IN TRAVELLING GOODS
TRUNKS OF ALL KINDS

LESLIE'S
SHOE STORE
255 Front St. Phone 553

119248

#9

Ottawa,
June 15, 1938.

Mr. F. C. Harrington,
Woodstock, Ont.

Dear Mr. Harrington:

I have your letter of 14th June.

It would seem to me that the Railways would reduce their tariff to get this business if they could do so and not lose money.

Of course, I note your argument also as to the free use of our canals, and the consequent injurious competition to Railways. There is a lot in this argument, but Canadians have historically followed the policy of free waterways, however expensive the construction, and I cannot see much movement to change that policy.

I have taken careful note of your representations.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119249

PHONE 1354

IMPERIAL BANK BUILDING

# F. C. HARRINGTON & SON

SHIPPERS OF
Virginia, West Virginia, Kentucky
and Pennsylvania Coal

ANTHRACITE
and
BITUMINOUS
COAL

Quotations Subject to
Change Without
Notice

Railroad Weights Govern
All Settlements

Contracts Contingent Upon
Strikes, Car Supply, and
Matters Beyond Our
Control

Bills are Due 10th of the Month
Following Month of
Shipment

Woodstock, Ont.,

June 14th.1938.

The Honorable Senator Arthur Meighen,
Ottawa, Ontario.

Dear Sir:

We have read with deep interest the reports in the various newspapers regarding the evidence before the Senate Railway Committee and are taking the liberty of presenting to you some facts concerning the freight tariffs on Bituminous Coal in effect on the Canadian National Railway.

Until a few years ago practically all of the coal used in Central and Western Ontario entered Canada via the Niagara Frontier or passed through Toledo, Ohio and Detroit, Michigan, entering Ontario via Windsor or Sarnia, to be delivered to destination by the Canadian National or Canadian Pacific Railways. A large percentage of this tonnage is now carried via water to various docks on the lakes and the Welland Canal, in fact an official of the Canadian National Railway stated that he believed at least 800,000 tons of freight on coal was lost annually because of the indirect competition of the Railway with the Welland Canal. With a reasonable tonnage toll on the Welland Canal and possibly a slight lowering of the freight rate from the Niagara Frontier to Hamilton, Toronto and intermediate points, a very large percentage of this business would be recovered by the Railroads.

The Canadian National Railway owns a controlling interest in the Detroit, Toledo and Shore Line Railway, which operates between Toledo and Detroit, the Grand Trunk Railway operating from Detroit to Port Huron is part of the Canadian National Railway system, therefore, the Canadian National haul coal over their own Railways from Toledo, Ohio to destination in Ontario.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PHONE 1354

119250

IMPERIAL BANK BUILDING

# F. C. HARRINGTON & SON

SHIPPERS OF
Virginia, West Virginia, Kentucky
and Pennsylvania Coal

ANTHRACITE
and
BITUMINOUS
COAL

Quotations Subject to
Change Without
Notice

Railroad Weights Govern
All Settlements

Contracts Contingent Upon
Strikes, Car Supply, and
Matters Beyond Our
Control

Bills are Due 10th of the Month
Following Month of
Shipment

Woodstock, Ont.,

Continued...Page 2

The tonnage carried in this way is now comparatively small because a large percentage of the coal is carried by water and placed on docks, to be furthered to destination by truck or rail. If the freight rate from Toledo,Ohio to Ontario destinations was reduced .30¢ per ton, the Shore Line, Grand Trunk and Canadian National Railways would receive a very large increase of profitable business. This is the approximate concession granted on shipments of coal entering Ontario by water.

The Canadian National Railway haul coal from the docks at Montreal to Toronto, about 350 miles, for $1.00 per ton; from Chatham to Toronto, 190 miles, for .66¢ per ton; from Point Edward to Toronto, about 200 miles, for .85¢ per ton; but from Detroit to the Stratford, Kitchener, Galt and Guelph district, about 200 miles, the rate is $1.40 per ton and to Woodstock, 150 miles from Detroit, $1.30 per ton.

The discrimination of the Canadian National Railway is keenly felt by Industries in certain districts, as can be seen by the above rates and will continue to be until these Cities are given a fair and competitive rate.

In the hope that this information may prove of value to you, we are,

Yours very truly,

F.C.HARRINGTON & SON,

F.C. Harrington

FCH/E

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119251

THOMPSON-JONES & COMPANY

GOLF AND LANDSCAPE ARCHITECTS

TORONTO, CANADA ROCHESTER, NEW YORK

9/

57 Queen Street, West,
Toronto, June 17, 1938.

Rt. Hon. Arthur Meighen,
Senate Chambers,
Ottawa.

Dear Mr. Meighen:-

The attached reference to the railway problem in Canada is very interesting at this time, because of the investigation presently being made before the Senate Committee. I feel that you will be interested in the thoughts as expressed, as I know how desirous you are in finding a solution.

Respectfully yours,

Frank Thompson.

FT/AB

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

# Canada's Mining Industry

Globe & Mail Toronto

## Capital and Payrolls Have More Than Doubled Since 1919—Production Increase Far Greater Than in Any Other Line—Now 25 Per Cent of National Total—Railway Problem of Pressing Import

April 19 | 38

(By W. H. STUART.)

Part 3.

Capital employed in the mining industry has increased from half a million dollars in 1919 to one billion dollars in 1937. The national wealth of Canada has swung like a pendulum between $25 billion and $32 billion. No other nation has maintained such balance. The great human drama has moved on.

The mining industry has so interlocked itself with other industries as to prompt the national confidence and inspiration which have been, in periods of stress, the nation's weapons of defense.

The payroll of the mining industry was $68 millions in 1919 and $148 millions in 1937. The payroll of the steam railways was $246 millions in 1919 and $190 millions in 1937. There were 53,000 employees in the mining industry in 1919, and 117,000 in 1937. There were 185,000 employees in the steam railways in 1919, and 132,000 in 1937. From these figures will blaze forth the despondent position of the steam railways, and one is inclined to meditate on what would have befallen the rail companies but for the unparalleled growth of the mining industry in all its ramifications.

**Supports an Army.**

It has been ascertained that for every employee in the mining industry there are four dependents. Each employee supports indirectly ten people out of his earnings, and contributes directly and indirectly toward the maintenance of twenty-five people. The industry can be depended upon to continue its contribution toward the welfare of labor and toward all those who derive benefit from it. It is rich in creative faculties, and is ever at the service of the nation. There is no disunity in the mining industry, and the high standards of duty fall in line with the best thought. Labor of the industry was a factor in the success of the Allied arms in the Great War. Its attitude, responding as it does to the principles enunciated by Provincial Prime Minister Mitchell Hepburn in his crusade for law and order, is a great tribute to that spirit of humanity which directs the welfare of the mining industry.

At the risk of partial repetition, let us emphasize the production of the major metallics from 1919 to 1937, in Canadian funds. Gold was $1,072,024,283; silver, $208,260,149; nickel, $424,986,409; copper, $455,869,941; lead $216,703,168; zinc, $146,123,714, and platinum, $36,468,457.

**Mining Increase Greatest.**

In studying the production of six of the major industries from 1919 to 1937, the mining industry stands out as a beacon of even greater promise for the future:

| | | |
|---|---|---|
| Field crops— | | |
| Dec'd from | $1,537,169,000 to | $553,823,000 |
| Mining— | | |
| Inc'd from | 176,686,390 to | 452,054,000 |
| Construction contracts— | | |
| Inc'd from | 190,028,000 to | 224,056,700 |
| Electrical energy— | | |
| Inc'd from | 47,933,490 to | 147,000,000 |
| Forestry (primary products)— | | |
| Dec'd from | 200,000,000 to | 150,000,000 |
| Pulp and paper mill products— | | |
| Inc'd from | 137,903,871 to | 210,000,000 |
| Fisheries— | | |
| Dec'd from | 56,508,479 to | 40,000,000 |

Of the total production of these six industries for the individual years of 1919 and 1937, the following production percentages apply:

| | Total 1919 production $2,347,000,000 | Total 1937 production $1,777,000,000 |
|---|---|---|
| | 1919 | 1937 |
| Field crops | 66% | 31% |
| Mining | 7% | 25% |
| Construction contracts | 8% | 13% |
| Electrical energy, central stations | 2% | 8% |
| Forestry, primary products | 9% | 8% |
| Pulp and paper mill products | 6% | 13% |
| Fisheries | 2% | 2% |
| | 100% | 100% |

**Railway Problem Pressing.**

One cannot analyze the railway problem in the light of reason and reality without becoming conscious that it is a problem of foremost concern. The creative faculties of our leaders have not, as yet, found a remedy for the desperate diseases which have overtaken both the Canadian Pacific and Canadian National. The former is private enterprise, and it is a system interwoven in the development and glory of Canada. And the same can be said also of the Canadian National. The interest of all industries in the transportation problem of Canada reflects the remorseless growth of need for further taxation.

Both transportation systems are managed by men of exceptional ability and probity. Why is it that hostility appears when an honest effort is made to find a practical way out of the rail morass? Is it that the effort is steeped in the spirit of selfish and narrow loyalty to one system, rather than in the spirit of patriotism to our country, Canada? It is the great paradox of life that humankind, as represented by statesmen and politicians and executives, although made of the same substance, seems incapable of mixing respective ingredients for the common weal.

The Duff Commission undertook the thankless and gigantic task of reporting on the transportation imbroglio of Canada. Credit must not be withheld from Right Hon. R. B. Bennett for vision in selecting the most competent and forceful personnel that ever presided over the deliberations of Canadian problems. It made a constructive report, but economists, so called and in reality, presented such a variety of false and conflicting pictures that the seeds of the Commission's understanding were not allowed to germinate. The problem is now before the Senate, and the writer feels the outcome will be along useful lines, even if that outcome brings to the Senate some chill winds.

It is the writer's opinion that, had Sir Henry Thornton lived and had he been permitted to carry on, he would today be teamed up with Sir Edward Beatty, and the railway problem would be well on the way to solution. There is no doubt that Mr. S. J. Hungerford, transportation genius and a kindly executive, knows what could and should be done to accomplish the greatest of all national needs. But, here again, the keystone put in place by political parties must not be disturbed. The solution of the railway problem will pass on to the younger men. It is reported that two of the C.N.R. Vice-Presidents at Montreal will, in two or three years' time, bring in fearless leadership, animated by ideals as will ensure achievement.

One of the Vice-Presidents in question has risen to his present position through the exact channels that made Lord Shaughnessy such a successful railway leader—executive, purchasing and stores departments, where knowledge of the most vital nature is acquired. He has had jurisdiction over purchases exceeding one billion dollars in value, and yet not one suggestion has ever been made reflecting in any way on his honesty and integrity. The other Vice-President has the legal background of Sir Edward Beatty, combined with the knowledge that comes from actual contact with all forms of traffic. The problem is not confined to that of saving the Canadian National Railways. The Canadian Pacific, because of the company's relation to Canada's credit, must be saved from injury. Even an able and practical Minister of Transport is unable to do much without the support of Parliament and the country.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 119253

Ottawa,
June 18, 1918.

Mr. D. A. Miller,
Redditt, Ont.

Dear Sir:

Mr. Meighen has directed me to acknowledge your telegram of 16th instant, sent on behalf of the citizens of Redditt and district. He has made careful note of your representations and same will be kept in mind when the report of the Special Railway Committee of the Senate is in course of preparation.

Yours very truly,

E. Secretary to Senator Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

| CLASS OF SERVICE | SYMBOL |
|---|---|
| Full-Rate Message | |
| Day Letter | D L |
| Night Message | N M |
| Night Letter | N L |

If none of these three symbols appears after the check (number of words) this is a full-rate message. Otherwise its character is indicated by the symbol appearing after the check.

L 19254

# CANADIAN NATIONAL TELEGRAM

D. E. GALLOWAY, ASSISTANT VICE-PRESIDENT, TORONTO, ONT.

FORM 6125

Exclusive Connection with WESTERN UNION TELEGRAPH CO. Cable Service to all the World Money Transferred by Telegraph

STANDARD TIME

18 JO 180 NL 3 EX

REDDITT ONT JUNE 16 1938

For Messenger
Call Canadian National Telegraphs
Phone = Local 4447

SENATOR MEIGHEN,

OTTAWA ONT

AT A MASS MEETING OF THE CITIZENS OF REDDITT AND DISTRICT A UNANIMOUS RESOLUTION WAS PASSED PROTESTING AGAINST AMALGAMATION OR UNIFICATION OF ANY DISCRIPTION OR THE ABANDONMENT OF ANY PART OF THE CANADIAN NATIONAL RAILWAY LENES AND WHEREAS THE STATEMENTS MADE BY CANADIAN PACIFIC OFFICIALS TO THE SENATE COMMITTEE AS REPORTED IN THE PRESS RELATING TO THE POPULATION AND INDUSTRIES IN THE TERRITORY BETWEEN NAKINA AND TRANSCONA WERE INACCURATE AND MISLEADING AND MADE BY PARTIES WHO EVIDENTLY HAD NO KNOWLEDGE OF THIS PART OF THE PROVINCE AND WHEREAS ANY ABANDONMENT OF LINES OF THE CANADIAN NATIONAL RAILWAYS IN THIS TERRITORY WOULD PARALIZE THE MINING LUMBER PAPER AND FISHING INDUSTRIES IN ADDITION TO CLOSING OUT TOURIST TRAFFIC WHICH IS VALUED AT APPROXIMATELY ONE MILLION DOLLARS ANNUALLY IN THIS TERRITORY AND LAY WASTE THE HOMES OF NEARLY FIFTEEN HUNDRED PEOPLE IN THIS DISTRICT WHO ARE DEPENDENT SOLELY ON THE FACILITIES OF THE CANADIAN NATIONAL RAILWAYS FOR THEIR LIVELIHOOD THEREFORE BE IT RESOLVED THAT THE CITIZENS OF REDDITT AND DISTRICT STRONGLY PROTEST AGAINST ANY FORM OF AMALGAMATION OR UNIFICATION WHATSOEVER.

D R MILLER
FOR THE COMMITTEE.

840AM/17.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119255

#9

320 Bay Street, Toronto,
June 18, 1938.

Mr. H R. Mafield,
Secretary-Treasurer,
C. N. R. System Federation No. 11,
107 Yale Ave. West,
Transcona, Man.

Dear Sirs

I duly received your letter of 15th which I have read with care. It is a reasonable and fair outline of the position of those you represent.

I cannot anticipate the report of the Committee, but I would think it altogether unlikely that the report will recommend any abandonment which would adversely affect you.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W. R. C. LOGAN, CHAIRMAN
137 GLENWOOD CRESCENT
WINNIPEG

H. D. DAVIS, VICE-PRESIDENT
11-25TH STREET EAST
PRINCE ALBERT, SASK.

H. R. HOSFIELD, SECRETARY-TREASURER
107 YALE AVE. WEST
TRANSCONA, MAN.

119256

# C.N.R. System Federation No. 11

WESTERN REGION

May 13, 1938.

Right Hon. Arthur Meighen,
Ottawa, Ontario.

Dear Sir:

At a meeting of the Executive Board of the Canadian National Railways System Federation, Western Region, which represents the employees of the different crafts from Port Arthur to Vancouver, it was decided to write to members of the Senate Committee who are now considering the Unification or Amalgamation of the Canadian Pacific and Canadian National Railways. Representing men of different opinions, we are not approaching this from any political angle, but as Railroad men believing that unification or amalgamation would be detrimental to Canada as a whole; and not viewing this in a dog in the manger spirit in opposition to other forms of travel, as we believe that these different methods of transportation, bus, truck, steam ship and airplane play a valuable part in the transportation field of our Country, but our appeal to you is not on a narrow sectional view, but in the sincere belief that in opposing unification we are actuated by the desire of giving the greatest benefits to the majority of the people of Canada.

May we first draw to your attention the part that the Railroad has taken in the development of the Country, in carrying settlers to our vast areas, and in return taking from these settled places products of the soil to be sent by rail to sea board thence transported to the four corners of the world. Also let us consider the wonderful expansion of the mining industry which in many cases would have been impossible without the territory being opened up by our Railroads.

As Railroad workers we are anxious to give facts to prove that the C.N.R. is doing its share in upbuilding the Dominion and to repudiate the insinuation that is being broadcast that the C.N. is a liability or that unification or amalgamation of the two roads would be of benefit. In reference to the liability we would respectfully draw attention to fact that in the worst years of depression the C.N.R. paid all operating expenses, with a surplus towards its interest charges, paying interest on debts which were incurred before the Canadian National was formed; our critics fail to tell that the C.N.R. is the largest Railroad on this Continent, that it serves 90% of the people of Canada, and that about ¼ of the people would be without Railway facilities if it wasn't for the C.N.R.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.119257



In the Bill now before the Senate certain lines have been mentioned to be abandoned. This if carried out would leave many localities without Railway service. We contend that in addition to causing unemployment this would be terrible hardship for many who in good faith have pioneered and settled in these districts, who have given their best in time, talent and money to develop these parts; rail abandonment would make many of them homeless, making their years of toil wasted, and again turning their cultivated places back into a wilderness.

Another factor that is so often forgotten is the effect that unification would have on the unemployment situation of our Country outside of the Railroad worker who would be displaced. We refer to the amount of work given to employees in firms who supply the material required on our Railway and in our Main Shops in the different parts of the Country. We find that $62,500,000.00 was spent by the C.N.R. in 1937 with Canadian firms, this being spread amongst approximately 10,000 different manufacturers, and we believe this should give food for thought to those who think that anything that would disrupt or interfere with our present Railroad Systems is only a question for the employees directly affected, but to pause and consider how much work is created by the purchase of goods valued at $62,500,000. and to visualize how the lowering of this purchasing power would adversely affect the prosperity of the Dominion.

So on behalf of the C.N.R. System Federation #11 Western Region employees we respectfully suggest that you will carefully consider these facts, and we would ask that your efforts will be to oppose unification of the C.P.R. and the C.N.R. convinced as we are this would be a backward step for the whole Dominion.

Yours sincerely,
H.R. Hosfield
Sec'y-Treas.
Western Region Fed.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119258

9

320 Bay Street, Toronto,
June 20, 1938.

Personal

Dear Arthur:

Thanks very much for sending me the material enclosed in your letter of 17th. I have read it carefully. The labour situation is the root of very much of the trouble, but we simply cannot cover everything in this investigation. We have been sitting forenoon, afternoon and night, but are quite a distance from being through yet, and then we have our report. I am quite certain no supporter of the Government on the Committee would have agreed to investigate the wages end anyway, because nothing is clearer than that they are looking out carefully to protect the Government from any adverse publicity.

I am afraid I will have to put off the visit to Buckingham until after you get back. We are going to be driven day and night until at least the Convention is over. If I find I can go between the 8th and the 12th, I will advise you, but that is the only time there is any hope.

Yours very truly,

Arthur H. Campbell, Esq.,
Board of Trade Bldg.,
Montreal, Que.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

TEL. MARQUETTE 3017

CAMPBELL, MACLAURIN LUMBER CO., LIMITED

BOARD OF TRADE BUILDING

MILL AND YARD
DRUMMONDVILLE, P.Q.

ARTHUR H. CAMPBELL, PRESIDENT
ELMER D. MCCALLUM, VICE-PRESIDENT

MONTREAL, June 17, 1938.

9259

Rt. Hon. Arthur Meighen,
The Senate,
Ottawa, Ont.

Dear Arthur:

I am enclosing copy of a letter which was sent to the Special Committee of the Senate on Railways by the Lumber Association of the Montreal Board of Trade, and the working conditions of the railroad employees is what I have been complaining about, as well as the enormous increase in their wages compared with those paid by other industries.

In the past, competition, inventions or substitutions have prevented most wages from getting out of line. For instance, lathers had a very strong union and put up their wages to a high figure and then limited the amount of lath which they would lay in a day, so now there is practically no demand for lath because the fibre board manufactured from pulp has taken the place of lath on account of the cost being much cheaper, although in my opinion, it is not as good.

As I mentioned in a previous letter, on account of our long distances in Canada and sparse population, it is absolutely necessary that we have reasonable freight rates, especially covering articles that are exported, and the only way that the railroad labour unions can be checked in their demands is to have competition from trucks, boats and airplanes, so I am in hopes that the Senate will again defeat Howe's bill as they did last year.

In regards to freight rates on lumber, during the time I have been in business the rates in Eastern Canada have been increased from 60% to 100%. See J. S. Gillies' letters for the facts confirming this statement.

Is there any chance of you making a trip to Buckingham during the first part of July? I am leaving on the 12th for Ogunquit, Maine and will be there until the 30th.

Yours sincerely,

Arthur H. Campbell

AHC:F
encls.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119260

June 14, 1938.

The Right Honourable George P. Graham, P.C.,
and
The Honourable C.P. Beaubien, K.C.,
Joint Chairmen,
Special Committee of the Senate on Railways,
Ottawa, Ont.

Dear Sirs:

With further reference to our communication of the 20th May, a copy of which is attached for your convenience, I beg to enclose an extract from a speech made by Dr. William W. Cumberland, at the Annual Meeting of the Academy of Political Science, at the Hotel Astor, New York City, on Friday, March 25th, 1938, in the hope that it will be considered as an additional reason for your Committee to make a thorough investigation into the scale of wages and salaries paid by the Railways.

Yours very truly,

Secretary.

HCB/PM
Encl.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C O P Y

119261

THE MONTREAL LUMBER ASSOCIATION

May 20th,
1938

The Right Honourable George P. Graham, P.C.,
and
The Honourable C. P. Beaubien, K.C.,
Joint Chairmen,
Special Committee of the Senate on Railways,
OTTAWA, Ont.

Dear Sirs:

The cost of transportation constitutes a vital factor in nearly every industry. This is particularly true in the lumber business and prompts the members of this Association to suggest to your Committee, which is presently investigating the railway problem, that it enquire into the Executive salaries, rates of wages and especially the hours of work. The attached table shows an enormous increase over a period of years in the cost of salaries and wages of railway employees.

It is felt by the members of this Association that while the scale of wages and salaries, etc., in the railway business has been developed under unusual conditions, your Committee should, nevertheless, make a thorough examination into this major factor in the Canadian railway operation.

Yours very truly,

Secretary.

/JD
LA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

II 9262

This is not the time to discuss in detail the working rules of railroads, but in a general way I will give just one or two examples. For instance, a certain railroad with whose operating policy I am quite familiar found some branch lines unprofitable, particularly as to passenger traffic, and found that by substituting for the existing passenger trains a Diesel-powered single car those lines could be turned from a loss to a profit. Arrangements were being made to take that action when the Railroad Brotherhoods stepped in and said: "Certainly. Of course. That is fine. But you must recognize that a train is a train, and you must have on your new, single Diesel car a full crew, consisting of an engineer, a fireman, a conductor and two brakemen - a complement of five." That made the difference between a profit and continuation of the loss, so all of the passenger service was abandoned, and whereas one or maybe two men could have had jobs, five for each train were thrown out of jobs.

As a second illustration, in the earlier days of railroading one hundred miles was considered a fair day's run for freight service, and it was. But with increasingly improved rolling stock and motive power, roadbeds and the like, higher speed became possible, and the railroads naturally were able to run much further than one hundred miles for an average day. But one hundred miles continues to be the basis for the payment of one day's compensation to railroad employees. For a day's work a train crew may receive two or three days' pay, and the public foots the bill. It seems to me that in looking for a remedy for the railroads these working rules of unions might be examined and yet, even among the railroads, I find no inclination to raise that point and to seek the very real and very considerable economies which are possible in that direction.

---------- • ----------

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119263

320 Bay St. Toronto,
June 20, 1938.

9/

Dear Mr. Ferguson:

I have your letter of 17th June and have looked over the proposals made by Mr. Taylor, which you were good enough to enclose.

We have learned a lot about the Railway situation, and I especially have been close to it for many years, but I must say it would take a real Railway operating man to come to an intelligent conclusion as to the merits of Mr. Taylor's proposals. Unless they appeal to a Railway operating man, it would be quite a waste of time for anyone else to seek to put them into effect. Further, it would seem to me that they would require many, many thousands of separate contracts, which would be exceedingly difficult to obtain and to enforce.

Yours very truly,

Arthur Meighen.

Mr. J. M. Ferguson, K. C.,
Suite 615, 152 St. James St. W.,
Montreal, Que.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J. M. FERGUSON, K. C.
BARRISTER & SOLICITOR

119264

TELEPHONE HARBOUR 6549

SUITE 613, TRANSPORTATION BUILDING
132 ST. JAMES STREET WEST
MONTREAL

June 17, 1938

The Right Honourable Arthur Meighen, P.C., K.C.
The Senate
Ottawa

Dear Senator Meighen,

I have the honour to submit to you a Scheme developed by Mr. W.H. Taylor of this city, to enable The Railways to recover to a large extent, traffic now being lost to them, owing to Motor Truck competition.

I may say that I submitted this plan to the Canadian National and Canadian Pacific Railways early in the year 1935 and also to the Honourable R.J. Manion, the then Minister of Railways.

The Railways, however, informed me at that time that they did not think the scheme feasible of adoption under existing conditions.

The Honourable Doctor Manion by letter of February 13th, 1935, informed me that he did not think any general revision of existing rates would be possible except after full inquiry and exhaustive hearings at which the Railways and Shippers could be heard, and suggested that in the event of such inquiry it would be quite in order for my client to present his views.

In view of the fact that there is now a Bill before the Senate dealing with the question of Transport, I have taken the liberty of bringing Mr. Taylor's Scheme to your attention, and would be pleased to give you any further particulars of the Plan should you so desire.

I am enclosing Memorandum of Mr. Taylor's Plan which explains its working, and may add that I have also forwarded the Memorandum of Mr. Taylor's Plan to the Honourable C.D. Howe, Minister of Transport.

I have the honour to be,

Sir,

Your obedient servant,

J. M. Ferguson

Enc.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119265

SCHEME BY W. H. TAYLOR TO ENABLE THE RAILWAYS TO RECOVER TRAFFIC NOW BEING LOST TO THEM OWING TO MOTOR TRUCK COMPETITION.

---

My scheme is based on agreements to be entered into between shippers and the railways, whereby the shippers agree to give to the railways, a proportion, say at least 75%, of their short haul freight, and in return the railways are to give the shippers a reduced rate on long haul shipments consigned to points outside of the provinces contiguous to points of shipment, the reduction to be progressively greater to the more distant provinces.

Although I have treated each provice as a zone, other zones may be adopted.

In the submission of my proposal, I desire to say I have considered each provice as a separate nation, each striving to extend trade with the others, but owing to the largeness of the country, circumvented in its efforts by long distance, necessitating high freight charges; consequently, the manufacturers and producers of each provice have ignored the possibilities of trade with the distant provinces and find themselves in the keenest of competition for the markets of each contiguous province, and to accomplish their purpose have employed the motor truck as a cheaper means of transportation, regardless of the fact that the railways must be maintained. I realize this object may be obtained in three ways, namely,

By competition, which is ruinous.
By legislation, which may cause political strife, or,
By agreement, which ninety per cent of the people will support.

Needless to say, I have chosen the latter and in addition to the elimination of truck competition and the circumventing of future competition from this source, these proposals, I believe will accomplish the following:-

a - Secure the support of all provincial organizations from coast to coast, political or otherwise, who will consider the advantages to be derived from their own geographical, economical, or political point of view, if my scheme is put into operation.

b - Remove in a measure the "Maritime Righters" grievances.

c - Increase interprovincial trade, especially, with the more distant provinces.

d - Enable the railways, by the control of trucks, to charge profitable rates should it be found (after control is secured) that present truck rates are unprofitable.

e - Periodically and progressively, increase all railway and truck rates on "short hauls" and decrease rail rates on "long hauls" and thus decentralize large populations by an exodus of manufacturers from high taxation in the large cities. If shippers from distant provinces invade the local manufacturer's market, he will not desire to continue to pay high taxes, this, in turn will bring about a building boom, which will provide a means to absorb immigrants and eliminate slums.

In concluding my scheme, which is divided into nine parts and the illustrations thereof, it must be borne in mind, that the figures herein given are merely illustrative of the scheme and are subject to change to meet the actual revenue figures derived from the shipment of freight to each province named and the percentage of freight rate reductions must be sufficient to induce the shippers to contract with the railways. And it is obvious that the scheme will exercise a strong pressure on the reluctant shipper. The fear of surplus products from distant provinces being dumped into his market without his having the option to take advantage of the reduced freight rates to extend his business to other distant provinces would at least be sufficient to change his mind.

As the freight originating in Saskatchewan and Alberta consists principally of wheat, I have also in mind a plan to enable the railways to compete more successfully with water carriers.

I realize that if this scheme is approved and accepted by

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119266



the railways, that, with slight alterations as regards zones, it would be applicable to the United States' railways and to other railways in large countries and would be immense value.

In presenting these proposals, I would expect the railways to deal justly with me, and request that they be considered as confidential, as, in the event that they are not adopted, I have other uses to which I may apply them, or the principles involved. As the publishing of these proposals, would undoubtedly destroy the usefulness of the scheme, not only to me, but to the railways as well, if they should at any time desire to put these proposals into practice, I repeat, that I would request that they be considered as confidential.

In anticipation of favorable consideration and reasonable compensation , if this scheme should be approved by the railways.

Respectfully yours,

Montreal, 9th January, 1938. Walter H. Taylor

Following is to be seen the working out of my scheme for the various provinces:

PRINCE EDWARD ISLAND

It is proposed that the shippers of all freight "originated" in the Province of Prince Edward Island and carried by either one of the two Canadian Railway Systems, namely the C.N.R. or the C.P.R. shall be given the following percentage of freight rate reductions on all "long hauls" to the Provinces below named and in considerations of such freight rate reductions (as examples shown below) the shippers of the province of Prince Edward Island agree to give the railways at least seventy-five per cent (75%) of all "short haul" freights now being carried by moter trucks and destined to points "within" the Province of P.E.I. or the contiguous province (Nova Scotia). It is further to be agreed that the railways shall have the option to transport by rail or motor vehicle.

The following freight rate reductions are suggested:-

| | |
|---|---|
| From P.E.I. to Quebec | 10% |
| From P.E.I. to Ontario | 12% |
| From P.E.I. to Manitoba | 15% |
| From P.E.I. to Sask. | 18% |
| From P.E.I. to Alberta | 20% |
| From P.E.I. to B.C. | 25% |

Partly manufactured goods to be considered "originated"

Above figures are illustrative.

NOVA SCOTIA

Is proposed that the shippers of all freight "originated" in the province of Nova Scotia, and carried by either one of the two Canadian Railways Systems, namely the C.P.R. or C.N.R. shall be given the following percentage of freight rate reductions on all "long hauls" to the provinces below named and in consideration of such freight rate reductions (as example shown below) the shippers of the province of Nova Scotia agree to give the above named Railways a preference of at least seventy-five per cent (75%) of all "short haul" freights now being carried by Motor Trucks and destined to points "within" the province of Nova Scotia, or the contiguous provinces ( N.B. and P.E.I.). It is further to be agreed that the Railways have the option to transport by rail or motor vehicle.

The following freight rate reductions are suggested:-

| | |
|---|---|
| From Nova Scotia to Quebec | 10% |
| " " " " Ontario | 12% |
| " " " " Manitoba | 15% |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

| | | |
|---|---|---|
| From Nova Scotia | to Sask. | 18% |
| " " " | " Alberta | 20% |
| " " " | " B.C. | 25% |

Above figures are illustrative.

Partly manufactured goods to be considered "originated".

QUEBEC

It is proposed that the shippers of freight "originated" in the Province of Quebec and carried by either one of the two Canadian Railway Systems, namely the C.P.R. or C,N.R. shall be given the following percentage of freight rate reductions on all "long hauls" to the provinces below named and in consideration of such freight rate reductions (as example shown below) the shippers of the province of Quebec agree to give the above named railways a preference of at least seventy-five per cent (75%) of all "short haul" freights now being carried by moter trucks and delivered to points "within" the Province of Quebec or the contiguous provinces (Ontario and New Brunswick). It is further to be afreed that the railways will have the option to transport by rail or moter vehicle.

The following freight rate reductions are proposed:-

| | | |
|---|---|---|
| From Quebec | to Nova Scotia | 10% |
| " " | " P.E.I. | 12% |
| " " | " Manitoba | 15% |
| " " | " Sask. | 18% |
| " " | " Alberta | 20% |
| " " | " B.C. | 25% |

Above figures are illustrative.

Partly manufactured goods to be considered "originated".

ONTARIO

It is proposed that the shippers of all freight "originated" in the province of Ontario and carried by either one of the two Canadian Railway Systems, namely the C.P.R. or C.N.R. shall be given the following percentage of freight rate reductions on all "long hauls" to the provinces below named, and in consideration of such freight rate reductions (as example shown below) the shippers of the province of Ontario agree to give the above named railways a preference of at least seventy-five per cent (75%) of all "short haul" freights now being carried by moter trucks and destined to points "within" the province of Ontario or the contiguous provinces (Quebec and Manitoba). It is further agreed that the railways will have the option to transport by rail or moter vehicle.

The following freight rate reductions are proposed:-

| | | |
|---|---|---|
| From Ontario | to New Brunswick | 10% |
| " " | " Nova Scotia | 12% |
| " " | " P.E.I. | 15% |
| " " | " Sask. | 18% |
| " " | " Alberta | 25% |
| " " | " B.C. | 20% |

Above figures are illustrative.

Partly manufactured goods to be considered "originated".

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119268



MANITOBA

It is proposed that the shippers of all freight "originated" in the province of Manitoba and carried by either one of the Canadian Railway Systems, namely the C.P.R. or C.N.R. shall be given the following percentage of freight rate reductions on all "long hauls" to the provinces below named and in consideration of such freight rate reductions (as example shown below) the shippers of the province of Manitoba agree to give the above named railways a preference of at least seventy-five per cent (75%) of all "short haul" freights now being carried by motor trucks and destined to points "within" the province of Manitoba or the contiguous provinces (Sask. and Ontario). It is further to be agreed th that the railways will have the option to transport by rail or motor vehicle.

The following freight rate reductions are proposed:-

| | | | |
|---|---|---|---|
| From Manitoba | to | Quebec | 10% |
| " " | " | N.B. | 15% |
| " " | " | N.S. | 20% |
| " " | " | P.E.I. | 20% |
| " " | " | Alberta | 10% |
| " " | " | B.C. | 15% |

Above figures are illustrative.

Partly manufactured goods to be considered "originated".

SASKATCHEWAN

It is proposed that the shippers of all freight "originated" in the province of Saskatchewan, and carried by either one of the two Canadian Railway Systems, namely the C.P.R. or C.N.R. shall be given the following percentage of freight rate reductions on all "long hauls" to the provinces of Saskatchewan agree to give the above named railways a preference of at least seventy-five per cent (75%) of all "short haul" freights now being carried by motor vehicles and destined to points "within" the province of Saskatchewan or the contiguous provinces (Manitoba and Alberta). It is further agreed that the railways will have the option to transport by rail or motor vehicle.

The following freight rate reductions are proposed:-

| | | | |
|---|---|---|---|
| From Saskatchewan | to | Ontario | 10% |
| " " | " | Quebec | 15% |
| " " | " | N.B. | 20% |
| " " | " | N.S. | 20% |
| " " | " | P?E?I. | 25% |
| " " | " | B.C. | 10% |

Above figures are illustrative.

Partly manufactured goods to be considered "originated".

ALBERTA

It is proposed that the shippers of all freight "originated in the province of Alberta and carried by either one of the two Canadian Railway Systems, namely the C.P.R. or C.N.R. shall be given the following percentage of freight rate reductions on all "long hauls" to the provinces below named, and in consideration of such freight rate reductions (as example shown below) the shippers of the province of Alberta agree to give the above named Railways a preference of at least seventy-five per cent (75%) of all "short haul" points "within" the province of Alberta, or the contiguous provinces (British Columbia and Saskatchewan). It is further to be agreed that the Railways will have the option to transport by rail or motor vehicle.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The following freight rate reductions are proposed:-

| | | | |
|---|---|---|---|
| From Alberta | to | Manitoba | 10% |
| " " | " | Ontario | 12% |
| " " | " | Quebec | 15% |
| " " | " | N.B. | 18% |
| " " | " | N.S. | 20% |
| " " | " | P.E.I. | 25% |

Above figures are illustrative.

Partly manufactured goods to be considered "originated".

BRITISH COLUMBIA

It is proposed that the shippers of all freight "originated" in the province of British Colunbia" and carried by either one of the two Canadian Railway Systems, namely the C.P.R. or C.N.R. shall be given the following percentage of freight rate reductions on all "long hauls" to the provinces below named, and in consideration of such freight rate reductions (as example shown below) the shippers of the province British Columbia agree to give the above named Railways a preference of at least seventy-five per cent (75%) of all "short Haul" freights now being carried by motor trucks and destined to points "within" the province of British Columbia or the contiguous protince of Alberta. It is further to be agreed that the Railways will have the option to transport by Rail or Motor Vehicle.

The following freight rate reductions are proposed:-

| | | | |
|---|---|---|---|
| From British Columbia | to | Sask. | 10% |
| " " " | " | Manitoba | 12% |
| " " " | " | Ontario | 15% |
| " " " | " | Quebec | 15% |
| " " " | " | N.B. | 18% |
| " " " | " | N.S. | 20% |
| " " " | " | P.E.I. | 25% |

Above figures are illustrative.

Partly manufactured goods to be considered "originated".

I will further illustrate my scheme as regards two provices - the far western province (British Columbia) and a central province (Ontario).

BRITISH COLUMBIA

We will now assume for illustration that in a given time twenty million dollars has been derived from the carriage of freight "originated" in the province of British Columbia and carried by "Rail and Motor Vehicle Transportation" and that 80% of the twenty millions has been derived from freight destined to points "within" British Columbia or the contiguous province (Alberta) and 20% destined to points in other provinces.

$20.000.000 X 80% - $16.000,000

Of this sum the Railway earned 70%
and the Motor Trucks 30%

$16,000,000 X 70% - $11,200,000
$16,000,000 X 30% - 4,800,000
$16,000,000

leaving a balance of $4,000,000 that has been derived from "rail freight" and destined to other provinces in the following proportions:

From British Columbia to Sask. 25% or $1,000,000

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

| | | | | | | |
|---|---|---|---|---|---|---|
| From British Columbia | to | Man. | 20% | or | 800,000 |
| " " " | " | Ont. | 15% | " | 600,000 |
| " " " | " | Que. | 15% | " | 600,000 |
| " " " | " | N.B. | 12% | " | 480,000 |
| " " " | " | N.S. | 10% | " | 400,000 |
| " " " | " | P.E.I. | 3% | " | 120,000 |
| | | | | | $4,000,000 |

Applying the proposed reductions to the proportions of revenue derived from freight shipped to other provinces.

| | | | | | |
|---|---|---|---|---|---|
| From B.C. | to | Sask. | $1,000,000 | X 10% | $100,000 |
| " " | " | Man. | 800,000 | X 12% | 96,000 |
| " " | " | Ont. | 600,000 | X 15% | 90,000 |
| " " | " | Que. | 600,000 | X 15% | 90,000 |
| " " | " | N.B. | 480,000 | X 18% | 86,000 |
| " " | " | N.S. | 400,000 | X 20% | 80,000 |
| " " | " | P.E.I. | 120,000 | X 25% | 30,000 |
| | | | $4,000,000 | | $572,000 |

This shows a gain for the shippers of British Columbia of $572,400, and a loss to the railways, but this loss is offset by the railways, gain on the short haul from freight destined to points "within" British Columbia or contiguous province (Alberta). Thus:

| | | | | |
|---|---|---|---|---|
| $16,000,000 | X 70% | - | $11,200,000 | Railways |
| 16,000,000 | X 30% | - | 4,800,000 | Trucks |
| 4,800,000 | X 75% | - | 3,600,000 | |

$3,600,000 - $572,400 - $3,027,600 gain for the Railways in gross revenue, the result of the proposed aggeement of 75% of short hauls being now done by Motor Truck transportation.

The Railways will have additional gains from increased traffic, and competition in interprovincial markets due to reduced freight rates,

## ONTARIO

I have illustrated how my scheme should work out in the province of British Columbia. I will now further illustrate (by assumed figures) the application of my scheme to a central province having two contiguous boundaries or provinces. And we will assume that, in a given time, one hundred million dollars has been derived from the carriage of freight originated in the province of Ontario, and carried by both rail and motor vehicle transportation and that 85% of the one hundred millions has been derived from freight destined to points within the province of Ontario or the contiguous provinces (Manitoba and Quebec) and 15% destined to points in other provinces.

Thus:

| | | | |
|---|---|---|---|
| $100,000,000, | X 85% | - | $85,000,000 |
| of this sum the Railways earned | | | 60% |
| and the Motor Trucks | | | 40% |
| $85,000,000 | X 60% | - | $51,000,000 |
| " | X 40% | - | $34,000,000 |
| | | | $85,000,000 |

leaving a balance of $15,000,000 that has been derived from rail freight destined to points in other provinces, in the following proportions:-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

| | | | | | |
|---|---|---|---|---|---|
| From Ontario to | Sask. | 20% | or | $3,000,000 |
| " " " | Alberta | 18% | " | 2,700,000 |
| " " " | B.C. | 12% | " | 1,800,000 |
| " " " | N.B. | 25% | " | 3,750,000 |
| " " " | NS. | 20% | " | 3,000,000 |
| " " " | P.E.I. | 5% | " | 750,000 |
| | | | | $15,000,000 |

Applying the proposed reduction to the proportions of revenue derived from freight shipped to other provinces (as shown above)

| | | | | | |
|---|---|---|---|---|---|
| From Ontario to | Sask. | $3,000,000 | X | 10% | = $300,000 |
| " " " | Alta. | 2,700,000 | X | 15% | = 405,000 |
| " " " | B.C. | 1,800,000 | X | 20% | = 360,000 |
| " " " | N.B. | 3,750,000 | X | 10% | = 375,000 |
| " " " | N.S. | 3,000,000 | X | 12% | = 360,000 |
| " " " | P.E.I. | 750,000 | X | 15% | = 112,000 |
| | | $15,000,000 | | | $1,912,000 |

This conditional gift by the Railways to the shippers of Ontario is offset by the railways gain on "short haul" freights now being hauled by motor trucks and destined to points "within" the pr province of Ontario, "or" the contiguous provinces (Manitoba and Quebec), Thus:

| | | | |
|---|---|---|---|
| $34,000,000 | X | 75% | = $25,000,000 |
| $25,000,000 | — | 1,912,000 | $23,088,000 |

gain for the Railways in Gross Revenue.

Walter H. Taylor

Montreal, 9th January, 1935.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

S C H E M E

by

W. H. T A Y L O R

To enable the Railways to
recover Traffic now being
lost to them owing to
Motor Truck competition.

J. M. Ferguson, K,C.,
132 St.James St. West,
Montreal.

119272

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119273

#9

Ottawa,
June 21, 1928.

Mr. Robt. P. Hastey,
Sternberg Sales & Service, Inc.,
6027 Cottage Grove Ave.,
Chicago, Ill.

Dear Mr. Hastey:

I have your letter of 17th. This Railway Committee has been sitting forenoon, afternoon and night, and has been compelled to devote its time to getting evidence in the fullest practical way on the big phases of the Railway problem, namely, whether further important savings can be made by co-operation or whether such savings can and should be made by unification. We have not been able to go into details of management at all, and, as the Session is near its end, I am sure we will never be able to do so.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

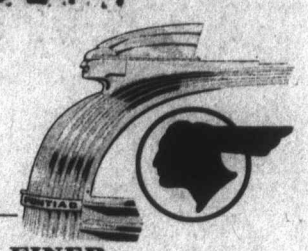
119274




# Sternberg Sales & Service, Inc.

6027-35 COTTAGE GROVE AVE. PHONE HYDE PARK 8110
CHICAGO, ILLINOIS

*"The Most Beautiful Thing On Wheels"*




June 17, 1938.

Hon. Arthur Meighen,
The Senate,
Ottawa Ont. Canada.

Dear Senator Meighen:

I understand that the officers of the Canadian National Railway are now appearing before the Railway Committee and am wondering if you have been able to obtain the information I requested sometime ago, namely: How much W. Ky. coal has been purchased each month during the year 1937 and 1938, what mine it was purchased from and what price was paid at the mine and over what Railway it was shipped before reaching the Canadian National Railway?

I shall appreciate hearing from you at your earliest convenience.

Yours very truly,

RPH/N.

Robt. L. Hasley

AMERICA'S FINEST LOW PRICED CAR

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

P. C. ARMSTRONG
MONTREAL
CANADA

119275

#9

AT OTTAWA, Ont., June 22nd, 1938.

Dear Senator,

Mr. A. R. Mosher's quotation of Mr. J. M. Keynes in the brief read to the Committee last night is not an unfair representation of the position taken by Mr. Keynes in recent years - especially in his book, "Employment Interest and Money". I should qualify this remark that this is as I understand Mr. Keynes. I doubt whether anybody quite understands him.

Mr. Keynes has moved quite definitely in this direction of late years, but is never consistent. You may have heard of Lord Baldwin's dictum that, at a meeting of economists, there are as many opinions as there are economists present, and an extra opinion if Mr. Keynes is one of them.

On the whole I think that Mr. Mosher would have little difficulty in producing a quotation from Mr. Keynes to back up almost any opinion.

Yours sincerely,

P. C. Armstrong

Rt. Hon. Arthur Meighen, K. C.,
The Senate,
OTTAWA, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

11275

20 Richard Ave.,
Toronto,
June 24, 1938.

Mr. A. Meighen,
Ottawa, Ont.

Dear Sir:

The enclosed letter was mailed to me by mistake. I am not the Jas. Norris referred to in your letter.

Yours very truly,

Jas. Norris

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THE SENATE
CANADA

D 19277

O t t a w a,
June 8, 1938.

Mr. Jas. Norris,
Toronto, Ont.

Dear Sir:

I have your letter of 7th.

The National Railways Directorate manage or are supposed to manage the operations of the Company through their General Manager. I am told, however, that since the passing of the new Act two years ago, there has been virtual direction of all matters of policy by the Minister of Railways.

I quite agree with you that waste should be avoided, but unless a new system is set up, I don't think it is going to be avoided.

Yours very truly,

AM/E. Arthur Meighen.

Don't know who this is, as there was no address.
E.M.F.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119278

O. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
OF THE ONTARIO BAR
MELVILLE B. GORDON
CHRISTOPHER ROBINSON
OF THE QUEBEC BAR

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

CABLES
LAURENTIAN, OTTAWA
TELEPHONE 2-2488

OUR FILE No. 2090-1

June 24th, 1938.

The Rt. Hon. Arthur Meighen, P.C.,
The Senate,
Ottawa, Ont.

My dear Senator,-

I enclose for what it may be worth a memorandum along the lines of our conversation yesterday. I spoke also to Senator Dandurand and to the two Chairmen, to whom I am sending copies of the memorandum. It was arranged between Senator Dandurand and Senator Beaubien that the memorandum should be used only if both Chairmen agreed to its being so.

Yours very truly,

O. M. Biggar

BER

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119279



## SENATE COMMITTEE ON THE RAILWAY SITUATION

(All numerical references are to the proceedings of the Committee so far as presently available).

1. The "extremely serious railway condition and financial burden consequent thereto" which are referred to in the resolution constituting the Committee presumably refer to the difference between the net income of the Canadian National Railway before interest and the interest charge on its securities in the hands of the public. It is to that that the attention of the Committee has been chiefly directed.

2. The successive differences between the National Railway's net income and the interest due to the public since 1923 have amounted in the aggregate to approximately $470,000,000 (Ex. 17, p.56), the average annual difference having been about $50,000,000 during the last six years, and the amount for 1937 having been about $42,000,000. There is at least a possibility that the difference in 1938 may substantially exceed $50,000,000 (Ex. 90, p.1184), although a large crop might result in a diminution even of last year's figure.

3. The only suggestions for meeting the situation which have emerged are those looking to a reduction of the joint expenses of the National and Pacific Railways (1) by continued voluntary co-operation between them, (2) by compelling the abandonment of services by one or other, or (3) by providing for the joint private management of both together.

4. Action along any of these lines is opposed on the ground that it will tend to reduce the amount of employment in the railway service, and will adversely affect the market for the materials required for that service. It is suggested that one of the best ways to deal with unemployment is to provide occupation through organizations such as the National and Pacific Railway Companies, which have in the past (1929) given employment to as many as 183,770 people, (Ex. 25, p.73, and Ex. 26, p.83), and in 1936 employed 131,263 (Ibid.). The adoption of this principle would, of course, lead to a report that nothing should be done along any of the lines suggested.

5. Even, however, if this ground for inaction is rejected, there are two others which may require consideration.

6. The first of these depends upon the general policy of the country with respect to transport facilities, and particularly upon a comparison of the amount of public money invested in railway transportation and in water transportation respectively. In the former the total investment appears to be nearly $1813,000,000 as against approximately $1306,000,000 in the latter (Ex. 55, p.830). It is common knowledge that the direct annual returns in money from the expenditure on water transportation failures are small and the indirect effect

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119280

on the national economy of that expenditure may be considered to be less important dollar for dollar than the investment in railway transportation. If, therefore, the figure of the total expenditure on this form of transportation were taken to be correct and interest were calculated at the same rate both upon it and upon the $1300,000,000 requiring to be taken in consideration in connection with the National Railways (Ex. 95), the importance of an annual charge on the budget representing the interest on the latter sum may be thought to have been over-emphasized.

7. The second possible reason for inaction depends upon the prospects for the future. The Chairman and President of the Pacific company said (p.564) that his company could carry on even if there were no change in the relations between it and the National company. On his last appearance before the Committee, however, he was inclined to disclaim confidence in any conjecture as to future traffic conditions, and the Committee may feel it advisable to consider the possibility of his being wrong about the future stability of his company, and what, if he were wrong, would be the consequences to Canada of the company's finding itself unable to carry on. On June 22nd also Sir Edward Beatty indicated that the operation of both systems together as an exclusively national undertaking would, in his opinion, be calamitous. How serious it would be is perhaps a question for the Committee's consideration, and in considering that question it may be necessary for the Committee to give some attention to the possible consequences to the country of its being compelled to acquire the Pacific company's undertaking in order to provide for its continued operation.

8. It is only after these basic questions have been disposed of that the Committee need attempt to make a selection among the alternative courses which have been suggested.

9. Purely voluntary co-operation, according to the evidence of Mr. Fairweather (pp. 208,217) is not likely to lead to any economies whatever beyond those already made, amounting to $1,771,000 (p.121). An inference that Mr. Hungerford does not differ from this view is capable of being drawn from his statement to the Committee (pp.1047 ff.). Mr. Armstrong, however, reiterated before the Committee the view submitted by the Pacific Company to the Royal Commission six years ago that by purely voluntary co-operation a total economy of some $11,500,000 might be looked for (pp.466-7, Ex. 48, p.412). Several witnesses indicated that one of the principal difficulties in the carrying out of co-operative proposals was the equitable allocation between the two companies of the consequent burden and advantage. The Committee may feel it necessary to consider whether either or both railways have been too insistent on their respective points of view on this head. The officers of each think that their approach was reasonable, and there is little or no evidence upon which to base a contrary conclusion. The Committee may, however, think it proper in this connection to give some weight to the possibly stronger bargaining position of the National company's officers in that in the case of that company a failure to make

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119281

savings resulted only in the increase by a negligible fraction of the deficit to be provided by Parliament, whereas a corresponding failure in the case of the Pacific company permanently affected its limited though large resources. The only documentary evidence indicating the respective attitudes of the officers of each company is contained in the papers together constituting Exhibit 40 (pp.180-6,227-300).

10. The provisions for compelling the abandonment of services by either the National or the Pacific railway at the instance of the other as contained in the Canadian National-Canadian Pacific Act, 1933, have remained a dead letter. The reasons for this are given in Sir Edward Beatty's evidence (p.536), and with them Mr. Hungerford does not disagree, although Mr. Fairweather takes a different view on this point (p.162). Mr. Hungerford suggests that the burden of initiating compulsory proceedings should be shifted from the railways to a Government appointee (p.1054), but Sir Edward Beatty criticises this proposal on June 22nd (print not yet available) on grounds to which the Committee will no doubt desire to give consideration.

11. The only estimate of the savings which might be expected from the exercise of compulsion is that given by Mr. Fairweather. He said that $10,000,000 was the top figure to be hoped for on the basis of the present traffic level (pp.197, 208,217), and Mr. Hungerford agreed that this was "as good an estimate as could be prepared" (p.1062). The amount differs little from the Pacific company's estimate of possible savings on a voluntary footing, referred to in the preceding paragraph, and is very much below the amounts ($35,000,000 and $24,000,000) suggested to the Royal Commission by Mr. Fairweather (Ex. 41, p.300; Ex. 44, not printed. See pp.194-5, 206-7, 1260).

12. The Committee may consider that Sir Edward Beatty's suggestion (June 22nd) that these latter figures were relied upon by the Royal Commission in making their recommendations is not without force, and that the lower figure is insufficient to justify insistence on compulsion in view of the objection to which it is open. As has been suggested, Parliament cannot escape the difficulty inherent in its dual position as representing the public in the usual sense and as representing the owners of the National Railway. It might itself direct the abandonment of services furnished by that railway which were dispensable in view of those furnished by the Canadian Pacific. Thus the function of an officer responsible to Parliament for the exercise of compulsory powers might be represented as being to compel the Pacific Company to abandon services the continuance of which it regarded as essential to the maintenance of its competitive position and consequent stability.

13. There remains the proposal for unification, the adoption of which, according to the officers of the Pacific company, would permit a reduction of the joint expenses of that company and the National company by $75,000,000 a year on the basis of normal traffic (Ex.49, p.416 and passim), and some $60,000,000 on the basis of the traffic of 1937 (p.985). None but one of the Canadian National witnesses has made an independent estimate of the financial results of unification,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

but they have criticized, generally and in detail, the estimates made by their opposite numbers in the privately owned railway as having been founded on erroneous assumptions and greatly exceeding in amount the economies that they regard as possible.

14. The sole officer of the National company who ever directed his attention to the possibilities of unification did so long in advance of the time the question was examined by the officers of the Pacific company (pp.531,1259). He arrived at a figure of $56,000,000 (Ex. 42, p.474) on the basis of the 1930 level of traffic, and gave details of the items entering into the total which he said "must not be taken as exhaustive but rather as indicative", (p.484). A general comparison of the principal figures of this estimate with that prepared by his own officers was made by Sir Edward Beatty (p.576), and a more detailed comparison of the two estimates was subsequently supplied by the Pacific company (Ex. 78, p.1039). Mr. Fairweather directed no criticism to either of these comparisons.

15. Mr. Fairweather said that in the course of the preparation of this estimate he became convinced that it could not be relied upon, and so stated to the Royal Commission when he laid the estimate before it (pp.206-7). He still remains of opinion that it is incapable of realization, basing his view in this respect chiefly upon the probability of an adverse public reaction to the reduction of services which is involved and upon probable disapproval by the public of any plan directed to eliminating competition between the railways and thus creating a monopoly (pp.1259 ff.). The Committee did not think it useful to proceed with that part of Mr. Fairweather's examination which was directed to an analysis of the items of his estimate in order to differentiate between those involving reductions of service and those to which the only objection that could be made was the general objection to a railway monopoly (pp.1276-7). More than one member of the Committee indicated without contradiction an opinion that substantial economies could undoubtedly be made by unification.

16. It is a matter for consideration whether some of the difficulty in connection with the opposing views with respect to both this estimate and that made by officers of the Pacific company does not arise from an uncertainty with respect to the status of officers of the National railways. They are frequently treated as having respectively a status corresponding to that of their opposite numbers in the Pacific company, but two of the more important of them have disclaimed any such status and have asserted a status similar to that of civil servants.

17. Mr. Hungerford in his prepared memorandum frequently refers to the unprofitableness of certain services which he is called upon to provide (pp.1047 ff.), and in the course of his examination makes it quite clear that he does not regard himself as responsible for the policy of providing these services, but merely for carrying out the general policy laid down for him by Parliament (pp.1067-8), although he

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119283



denies that his job is to keep the Minister of Railways out of trouble (p.1061).

18. There may here be some confusion of function, the possibility of which is perhaps indicated in Mr. Fairweather's evidence when he says (p.324):- "I am trained to take the national standpoint, and I have on very many occasions taken that standpoint and advised in the light of the national interest as compared with the narrow railway interest. But even at that, though I am specially trained to do that, there is a tendency for a railway man to be prejudiced and to underrate these features of public convenience and necessity". His evidence with regard to the estimate of the possible savings from unification may perhaps be regarded as pointing in the same direction (pp.94-5, 206-7, 354, 1259 ff.). It is to this point that the statements of Sir Edward Beatty quoted in paragraph 148 of the report of the Royal Commission and certain of his remarks on the occasion of his last appearance before the Committee appeared to be directed.

19. Entirely apart from these considerations the Committee may feel hesitation in making a choice between the evidence of the two groups of witnesses on so highly a technical subject as railway operation and railway accounts. Such a choice may well be regarded as a necessary preliminary to Parliament's entertaining a proposal which is likely to be exposed to attack on the ground of the elimination of competition and the creation in the field of railway transportation of a monopoly of such a size as to be at least capable of being represented as dangerous to the state. No choice is, of course, necessary if these general considerations against unified management are regarded as conclusive irrespective of the amount of the possible savings.

20. Assuming, however, that they are not held to be conclusive, and that the question of entering upon negotiations is regarded as depending upon the actually possible and realizable savings from unification, the Committee has before it the alternative of attempting to weigh the conflicting evidence on the subject of the accuracy of the estimates made by the officers of the Pacific company or of finding some other course which presents less difficulty.

21. It may regard the soundness of these particular estimates as being of less importance than a determination of the actually realizable savings, upon which point little assistance beyond that to be derived from Mr. Fairweather's $56,000,000 estimate is to be found in the evidence of officers of the National system. In that case the Committee may feel it desirable to examine the proposal that an outside opinion should be obtained from disinterested railway engineers, among whom Sir Edward Beatty says it is possible to find men who have international reputations and are entirely without personal interest in the Canadian railway situation (June 22nd).

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119284

22. From a logical point of view the questions for the Committee's decision would seem to arise in the following order:-

(1) Is it from a national point of view inadvisable at the present time to insist upon any economies in railway expenditure?

(2) Has the importance of the annual interest charge of some $50,000,000 on the National Railway's securities been over-emphasized?

(3) Is the possibility that circumstances may compel an amalgamation of the two railway systems one that need be envisaged and, if so, need account be taken of it at present?

(4) Is it advisable to continue to rely upon voluntary co-operation alone?

(5) Should resort to the compulsory provisions of the Canadian National-Canadian Pacific Act, 1933, be insisted upon?

(6) Is it advisable to alter the procedure with regard to compulsion as suggested by Mr. Hungerford?

(7) Are the objections to unified management insuperable, irrespective of the amount of the economies which would result from it?

(8) If not, can the Committee determine on the evidence before it that the total economies likely to result from unified management are either sufficient or insufficient to justify discussion of possible plans for unification?

(9) If it cannot, is the suggestion for an independent enquiry one which it might be advisable to adopt?

Ottawa, June 24th, 1938.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119285

9

Ottawa, 27th June, 1938.

Dear Mr. Turnbull:-

I have your letter of the 24th instant, and have arranged that a copy of the proceedings of the Special Committee on the Railway Situation be sent to you.

Believe me,

Yours very truly,

Arthur Meighen.

F. W. Turnbull, Esq., K.C.,
Western Trust Building,
REGINA, SASKATCHEWAN.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PHONE 23124

119286

# F. W. TURNBULL & COMPANY

BARRISTERS, SOLICITORS, ETC.

44-46 WESTERN TRUST BUILDING
REGINA, SASK.

June 24th 1938.

Rt. Hon. Arthur Meighen,
Senator,
OTTAWA, Ontario.

Dear Mr. Meighen:

I do not know what the possibilities are but I would appreciate, very much, if it could be arranged that I might receive copies of the Proceedings before the Senate Committee, with respect to realways.

With best wishes, I am,

Yours sincerely,

F.W. Turnbull.

FWT/EP.

Done
27-6-38
Asst.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CANADIAN NATIONAL RAILWAYS

Legal Department

119287

Montreal, June 27, 1930.

Arthur Hinds, Esq.,
Chief Clerk of Committees,
The Senate,
Ottawa, Ont.

My dear Mr. Hinds:

I enclose a memorandum prepared by Mr. Fairweather on the matter of the British Railways. This is pursuant to the request made by the Committee last Thursday. I have sent a copy to Senator Dandurand.

Yours very truly,

I. C. Rand.

Commission Counsel.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEMORANDUM ON THE BRITISH RAILWAYS 119288

This memorandum is based upon the results of an investigation of transportation in Great Britain by a Committee of Canadian National officers appointed to study the railway situation with particular reference to competition between the railways and highways, the pooling of traffic between competing railways and other co-operative activities.

During the war period and for some time thereafter the British railways were operated on behalf of the Government under the direction of a Railway Executive Committee consisting of the General Managers of certain leading railways. The many railway corporations were provided with a standard return based upon past performances. The operation of the railways during this period was carried on more or less as a unit.

There was an obligation to return the railways to private operation. Out of this situation developed the plan of grouping the railways into four groups, introducing an element of competition as between the groups. The legislation under which grouping took place was passed in 1921 and the grouping became effective in 1923.

The British railways have shown a very considerable increase in operating efficiency and an improvement in the quality of service. There are those who argue that this improvement has resulted from the elimination of competition. There are others who ascribe the improvement to other factors, such as the general business conditions of England, the levels of railway rates, material prices and wages, capital expenditures for improvements and improvements in the art of railroading.

The Railway Research Service of Great Britain, maintained by the four main line railways, made a study for the years 1923 to 1930 inclusive and a subsequent study for the years 1923 to 1935 inclusive, but failed to definitely trace a reduction of expenses to the grouping plan, it being pointed out in these reports that capital expenditures had in many cases resulted in

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119289

payroll economy and that fluctuations in traffic had also affected the staff. These two reports pointed out how extremely difficult it is to analyse the results of operations over a period of years and ascribe the changes in financial results to specific causes.

The British railways have undoubtedly made great strides and it is easy to fall a victim of a hasty generalization and ascribe the improvement to the grouping plan. It is informative in that connection, however, to make two comparisons:-

First - A comparison between the improvements which took place in Great Britain and the improvements which took place in the same period in the United States and in Canada. When this is done it develops that both Canada and the United States exhibit the same characteristics of improved railway services and lowered costs with much less than a commensurate increase in rates as compared with pre-war conditions. Grouping was not a factor in the United States.

Second - A comparison of the Great Western Railway of England with the other railways is also informative. The Great Western Railway was hardly affected at all in size or organization by the grouping plan, whereas the London, Midland and Scottish and the London and North Eastern are composites of many companies. It is a fact that the Great Western Railway shows almost identically the same reduction in railway expenses in the period between 1913 and 1936 as the London, Midland and Scottish and the London and North Eastern.

Reference has already been made to the fact that when grouping was adopted competition was not neglected as will be seen from the following references of centres of population in Great Britain, showing how many are served by four, three, two and one railway respectively:-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119290

| | Served by | | | |
|---|---|---|---|---|
| | 4 Sys. | 3 Sys. | 2 Sys. | 1 Sy. |
| Large Centres in excess of 1,000,000 Population | 1 | - | 2 | - |
| 500,000 - 1,000,000 Population | - | 2 | 1 | - |
| 200,000 - 500,000 Population | - | - | 8 | 8 |
| 100,000 - 200,000 Population | - | 1 | 12 | 18 |
| | 1 | 3 | 23 | 30 |

Much of the competitive traffic of the British railways has been pooled, but this would seem to have been less directed at the reduction in operating expenses than towards introducing a greater degree of flexibility in meeting competition from other forms of transport. The pooling arrangements are especially suited for this latter purpose because they aim at the division of the net receipts after deducting cost of service performed by each of the parties to the pooling arrangement. It is left to the discretion of each railway to determine what services shall be run and, inasmuch as the cost of running competitive services is borne by the pool, it is not surprising that the pooling arrangement has not resulted in any considerable reduction in duplicate train services.

Various pooling arrangements are estimated to involve over one-half of the railway traffics of Great Britain and the economy is estimated at between £280,000 and £340,000 per annum.

It is an observed fact that agressive competition between the railways for pool traffic exists, which is doubtedless due to a number of factors. It is apparent that any appreciable let-down in quality of solicitation or service, as a result of pooling, would result in a diversion of traffic from railways to other forms of transport. Also, since the pooling arrangements are subject to change, each railway has a continuous interest in identifying itself with the traffic.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119291

The British railways have never earned the standard return provided for in the 1921 Act and, as a consequence, have been hampered by lack of capital. At the time the railways were turned back to private operation, the Government paid £60,000,000 for alleged deterioration of,line, etc. In recent years the railways secured substantial relief of taxation and a refund amounting to £12,000,000. The railways have secured loans for capital improvements from the Government aggregating some £27,000,000, maturing in 16 years, on much more favourable terms as regards interest (2½%) than the railways could have obtained in the open market.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0.19292

# The Senate of Canada

#9

28th June, 1938.

To the Members of the Special Committee on the Railway Situation.

I beg to hand you herewith the following documents which have been furnished at the request of the Committee:-

1. Statement of employees on C.P.Ry., sixty years of age and over.

2. Study by Mr. F. Bramley, Secretary, C.P.Ry., of the English railway situation consequent upon amalgamation.

3. Memo. by Mr. S. W. Fairweather, C.N.Rys., on the operation of British railways.

A. Armstrong

Chief Clerk of Committees.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119293 1938

CANADIAN PACIFIC RAILWAY COMPANY

Number of employees in the service of the Company as at June 24th who are sixty years of age or over.

| Age | Number of Employees |
|---|---|
| 60 | 1144 |
| 61 | 1009 |
| 62 | 862 |
| 63 | 801 |
| 64 | 759 |
| 65 | 514 |
| 66 | 256 |
| 67 | 113 |
| 68 | 56 |
| 69 | 7 |
| 70 | 4 |
| 71 | 3 |
| 73 | 1 |
| Total | 5529 |

Approximate number of "in-service cards" - 55,000

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119294

STUDY ON

THE ENGLISH RAILWAY SITUATION

CONSEQUENT UPON AMALGAMATION OF

120 COMPANIES INTO FOUR GROUPS

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119295

FOREWORD

The attached study of the English railway situation was prepared by Mr. F. Bramley, Secretary of Canadian Pacific Railway Company, early in May. Mr. E.J. Lemon, Vice President of The London, Midland and Scottish Railway, was in Canada at the time, and Mr. Bramley handed him a copy for his comments and criticisms. The following letter was received by Mr. Bramley in return. The re-adjustments of paragraphs suggested by Mr. Lemon have been attended to, but no other material change has been made. The memorandum on the last five pages was of course prepared later and was not shown to Mr. Lemon:

CANADIAN PACIFIC STEAMSHIPS LIMITED

"DUCHESS OF RICHMOND",
QUEBEC, 13th May, 1938.

My dear Bramley,

I have read through your paper two or three times this afternoon and frankly, apart from adjustments of paragraphs to put them in sequence, which you can do better than I can, I see nothing to criticize. In fact, I should like to congratulate you on having put together a very fair statement of the results of Railway amalgamation in Great Britain, and would like you to be good enough to send me a copy of this paper some time at your convenience.

When I get home I will look up any information that is available on the economies effected since amalgamation and post them on to you.

With my very kind regards to all the C.P.R. officers,

Yours sincerely,

SGD. E.J. Lemon,
(Vice President, L.M.S. Rly.)

F. Bramley, Esq.,
Secretary,
Canadian Pacific Railway,
Montreal.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119296

# SUMMARY OF STUDY ON THE ENGLISH RAILWAY SITUATION CONSEQUENT UPON AMALGAMATION OF 120 COMPANIES INTO FOUR GROUPS

The amalgamation of 120 railway companies in the United Kingdom into four systems was undertaken as a result of the conditions following the end of the Great War. During the War great changes had occurred in the social and economic conditions of Britain. The type and distribution of traffic had changed. The standards of remuneration of all workers had risen. Heavy taxation laid an increasing burden on all forms of business. Concentration of technical effort on the problems of the War had checked the steady development of railway technique. Freight rates had increased over 100% and passenger fares 75% above pre-war.

As a result of all these and other factors the railway system which had been built up under a policy of "laissez faire" was no longer functioning after the War either well or profitably. While they were still being operated by the Government they were working on a deficit basis, and it was clear that the companies would be unable to earn returns on invested capital, or to obtain new capital. Their revenues were inadequate to permit them to maintain the increased level of wages. Their rates were so high as to impose a burden on industry and commerce, and to prevent them from meeting the growing competition of other forms of transport. Their equipment was rapidly becoming out of date.

A National Government undertook a rationalization of the situation, and in 1921 the United Kingdom was divided into

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119297

four general areas, in each of which a railway company was created to absorb all the existing companies.

The division into zones was not precise - although large areas were left to single companies.

In view of the great concentration of economic activities on London as a focus, the division of territory between the four companies was arranged, in a general way, into sectors radiating from London.

It was provided by the Railways Act of 1921 that competition in railway service was not to be regarded as any longer desirable, and, while the four companies remain independent of each other, it was from the first understood that they would endeavour to cooperate to avoid any ill effects of what competition was left in existence after the grouping.

Since the motive behind this policy was to remove the ill effects of conditions as stated above, almost the entire effort of the railway companies was directed to using the advantages resulting from amalgamation to accomplish: (A) reductions of rates; (B) the maintenance of fair rates of pay, and (C) improvement of railway equipment and technique, with the expectation of gradually increased benefits in the matter of net revenues.

For this reason, it is not possible to place a precise money figure on the savings which have resulted from amalgamation. Individual studies on this subject have arrived at the conclusion that a figure of £45,000,000 per annum would represent the savings from amalgamation, but it is impossible to obtain confirmation of this from the railway companies, who

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119298

have not felt it necessary to attempt any segregation of figures dealing with this point, but who generally refer to the solvent condition of their industry, with substantial over-all decreases in expenses, the reduction of rates, the maintenance of fair wage levels, and increased ability to compete with highway transport as adequate evidence of the success of amalgamation.

Public opinion unanimously accepts the results of amalgamation as representing a successful solution of a difficult problem, and labour presses constantly for a final amalgamation of all railway services of the United Kingdom - on the ground that this will permit further savings in addition to those already realized.

Rate regulation and supervision of standards of service are in the hands of tribunals appointed by the State, with the result that the public offers no criticisms on the ground of loss of competition. Labour was given protection by Statute against any damage from amalgamation, and no criticism is offered on this point.

Post-amalgamation competition as between railway groups has been prevented from exercising any unfavourable effect by a system under which the railways pool their earnings from "competitive" traffic.

The pregress of improvement in railway technique has been rapid and extensive.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119299

Public opinion in the United Kingdom unquestionably accepts amalgamation as a successful solution of a difficult problem and as having permitted a proper adaptation of railway transportation to the needs of the times.

F. Bramley,
Secretary,
C.P.R.
Montreal.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.I 9300

STUDY ON

THE ENGLISH RAILWAY SITUATION

CONSEQUENT UPON AMALGAMATION OF

120 COMPANIES INTO FOUR GROUPS

---

5

F. Bramley,
Secretary,
C.P.R.
Montreal,
June 1936.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119301

STUDY ON THE ENGLISH RAILWAY SITUATION CONSEQUENT UPON AMALGAMATION OF 120 COMPANIES INTO FOUR GROUPS

---

A comprehensive understanding, and a reliable appraisal of developments in the English Railway situation since the effective date of amalgamation in January 1923 can be based upon general and specific statements which have been made on this subject by the Minister of Transport and English railway executive officers.

A study to this end can be specially directed towards such important factors as to whether and to what extent inter-group railway competition was affected by grouping and in what degree, if any, it still exists today; the element of railway monopoly, and the general results consequent upon the amalgamation which consolidated into four groups not less than 120 railway systems each with more or less strongly marked diversity in respect to mileage, financial stability, gross and net earnings, traffic density, operating procedure and general economic outlook.

In respect to railway competition the Government, through the Minister of Transport, made its position perfectly clear, at the outset. The Minister of Transport plainly indicated that he had no intention whatever of preserving any such wasteful policy. He announced that it was his avowed and deliberate aim in carrying through Amalgamation to put an end, as far as possible, to all direct railway competition. In a "White Paper" issued in 1920 the proposals of the Government were specifically declared as follows:-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

"It is proposed that the railways of Great Britain should be formed into a limited number of groups, the Groups will be determined on the basis of operating economy and all direct competition between the groups will, as far as possible, be eliminated."

The Railways Act of 1921 was the outcome and expression of this proposal.

The original intention of the Minister of Transport in connection with grouping, was that the whole of the railways in Scotland should be placed in one group; this idea was not carried out, however, because of the representations made that the Scottish railways, as a group, without the financial support of their more powerful railway neighbours to the south of the border, could not have survived. But this fact further emphasized that the British Government saw no necessity whatever for the maintenance of railway competition.

By reason of the form of amalgamation as adopted, a specific area was assigned on a rough geographical basis to each of the individual Groups, although there was unavoidably a certain amount of over-lapping in the case of each area. The London Midland & Scottish Railway was formed by the amalgamation of 8 major and 27 subsidiary Companies which served the Midland and North Western areas of England and the West of Scotland. The London & North Eastern Railway was similarly constituted by the grouping of 7 major and 26 subsidiary Companies serving the Eastern and North Eastern areas of England and the East of Scotland. This, in itself, had at once the effect of abolishing an immense amount of railway competition, which previously existed as between the Companies now amalgamated into one group serving a more or less compact area.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

 119303

Individual areas, including entire Counties of great industrial and economic importance were placed under the "control" of one railroad group and thus the element of railroad competition was vitally and immediately affected.

The elimination of this "area" type of railway competition may be illustrated in further detail by a reference to the fact that the whole of Eastern England and Scotland between the Thames and the Forth was left, by reason of amalgamation, almost exclusively to the London & North Eastern Railway which group absorbed the North British, North Eastern, Great Central, Great Northern and Great Eastern Railways; the latter four lines formerly carried on among themselves an intense competition (later limited only partially by a working agreement) in the area between York and London and in the Eastern Counties. Practically all direct railway competition in this large area was definitely abolished. The L.M.S.Group after grouping penetrated only to a limited extent North of the Humber by its line into Goole and its running powers into Hull and York,with a branch to Lincoln and a branch and joint line service into Norfolk and a line skirting the North bank of the Thames to Southend. The general result, therefore, of amalgamation, as a glance at a railway map clearly indicates, was to leave the entire Eastern side of England and of South Scotland to the railway"control" of the L.&.N,E.R. A somewhat similar though not so marked- condition exists in regard to the L.M.S.Group and part of the West Coast of England. The amalgamation of the South Eastern & Chatham, London & South Western and London, Brighton & South Coast Railways, resulted in the Southern Rail-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119304

way being given an absolute "control" in South Eastern England between the Thames and the Solent. In this particular area there is not a vestige of railway competition.

Sir William Acworth, in the Harvard Business Review, July 1923, referred to the elimination of railway competition by grouping and pointed out:-

> "In many cases highly competitive lines have already been amalgamated- as for instance the Midland and London & North Western, the Great Central with the Great Northern, and the Glasgow & South Western with the Caledonian. The belief is now commonly held in Great Britain by Economists that railways and other public utilities ought to be monopolies."

It is of interest in respect to the railway group areas in Great Britain to note their peculiar position relative to the City of London. Economic and industrial trends of great importance focus upon London, in a manner which has no counterpart in any Canadian City. The areas allotted to each individual railway group in Great Britain are pivoted upon London. The headquarters of the four groups are in that City.

The final delineation of the areas allotted to each of the four railways took some cognizance, therefore, of these factors in that the groups, as established, were in such form as to facilitate the transport to and through London of a large amount of traffic- including the extensive movement which should be normally cross-country but which, instead of moving laterally, finds it more expedient to go up to London, transit across the City, and out again to its final destination.

After the amalgamation, although an immense amount of railroad competition had been abolished there was (and, possibly,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119305

to a very small extent, still is) a certain amount of such competition especially in Central and Western England where the Groups are in contact. This unavoidable result was foreseen in the Railways Act of 1921 wherein the Government, to deal with it, provided specifically for pooling arrangements to be carried through in due course by the Railway Groups themselves, with the consent of the Minister.

The Committee appointed by the Minister of Transport in 1932 to report on the request put forward in due course by the Railway Companies for permission to enter into pooling, said:-

> "The Amalgamation did away with a good deal of competition- there remained competition at points of contact as between groups, to some extent intensified on account of the larger resources of the competing groups which enabled them to press the competition. It was the stress of this type of competition that the railway Companies were feeling and it is from this stress, which contributes towards impoverishing them, that they desire to be relieved. It is the remedy of pooling which they wish to be applied to this situation."

Sir Josiah Stamp (now Lord Stamp) and Sir Ralph Wedgwood, in their joint testimony on this application said:-

> "Under the elimination of competition the Companies hope to maintain or make improvements in existing transportation facilities."

It is clear therefore that the underlying motive on the part of railway Companies in establishing pooling arrangements was further to assist in the entire elimination of competition and its evil effects.

Pooling arrangements were put into force in 1932 and these have to all intents and purposes, achieved the original

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119306

aim and intention of the Government "that all direct competition as between the Groups will, as far as possible, be eliminated."

Mr. Wm. Whitelaw, Chairman of the L.&.N.E.R. confirmed the understanding that railway competition must disappear in Great Britain when, speaking at Glasgow on January 13, 1932, he said:-

> "There was scope and absolute need for an infinitely greater measure of co-operation between railway Companies today, and the first step towards putting railways upon a sound economic basis consisted in the complete abolition of competition among themselves. There was no room for the inevitable waste incurred by carrying traffic by any route other than the shortest."

In Ireland public transport competition in respect both to rail and road has been cut out.

It is noticeable that British Railway personnel went out of their way to condemn railway competition and complained of its maintenance.

In their evidence before the National Wages Board in 1931, the Railway Clerks Association pointed out, -

> "The absurdity of the Companies still continuing to canvass against each other for railway traffic."

It is very significant also to bear in mind, in respect to any assertion that there is still a desire for railway competition in England, the London Transport Act of 1932. It will be shown later, how the effect of this Act was to wipe

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119307

out entirely all public transport competition, except in regard to efficiency of service, in the Metropolitan area of London and a daily transport of not less than ten million (10,000,000) persons (almost equivalent to the entire population of Canada) was handed over to one Authority which, for this purpose, absorbed about 140 separate transport undertakings.

Mr. Wm. Whitelaw, speaking in 1932 said-

> "without unification in London the position would have been chaos".

Railway competition is now generally regarded in Great Britain as a discard. Old Ideas in regard to its supposed value have been exploded. In the United Kingdom it is becoming increasingly recognized as having nothing more than a nuisance value, and to be the source of indefensible waste. At the Government enquiry in 1932 preceding pooling the representatives of Traders finally receded from the position that some railway competition was desirable- practically all opposition on this account was withdrawn, the representations of the railways that the abolition of competition would in no way decrease their transportation facilities but would rather increase them, being accepted. It is true to say that the alternative of road competition is part of the picture.

The Tribunal interpreted the attitude of the trading community in respect to the elimination of railway competition in the sense that the Traders "were willing to make their contribution to the national well being in time of emergency."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119308

Since the pooling arrangements were entered into, round trip passenger travel tickets issued in the United Kingdom to any point are available for the return journey by any alternative authorized route without extra charge and this emphasizes again that these facilities are certainly not used in a competitive sense, and confirms also that the lessening of competition increases, rather than decreases, traffic facilities. Moreover, the traffic to be catered for is so large, and requires so varied a service, that it would be impossible to cut out much, if any part, of the existing facilities. These supplementary traffic terminals are also, in some instances taken advantage of on the basis of part joint use.

Neither the Railways Act nor pooling can abolish that form of competition arising from travel trends dependent upon the "holiday appeal" of varied districts and the geographical "pull" of different ports providing a choice of facilities for both passenger and freight traffic to the Continent, Ireland, Overseas, and Coastwise.

With a system of pooling net revenues - and especially when pooling allows for full working costs to be deducted from the gross receipts by the carrying company before the net balance is pooled - there is the possibility of temptation for the railways to go after traffic to secure as large a gross traffic and revenue as possible for the supposed "benefit" of its operating units; in this way, where the traffic could be dealt with more expeditiously by an alternative route, costs may be expanded by some traffic being diverted to a less favourable service.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119309

This possibility indicates some weakness in pooling in general and is an argument in favour of complete unification for operating purposes, as being the only sure method to cut out effectively unnecessary duplicate facilities.

The English railway pooling arrangements are of a comprehensive character embracing - in the case of the LMS - LNER - GWR Cos., - a gross traffic revenue, subject to pooling, of no less a sum than $350,000,000 per annum. It is significant that the visible relief expected by way of economies through the operation of these elaborate pooling arrangements is stated as $1,700,000 per annum - or less than one-half of one per cent of the traffic revenue involved. This latter sum, admittedly in itself is not a small amount but, when measured against the huge revenue from which it is obtained, emphasizes the comparatively restricted measure of economy relief through a pooling arrangement as compared with what might be accomplished under amalgamation. Reference is made later to the economies secured through the amalgamation of the railways into the four groups.

The process of consolidation or unification must be pushed to the point where success, having regard to the object in view, is attained. In Great Britain, the Minister of Transport originally contemplated 6 groups. It was, later, made clear that more than four groups would not obtain satisfactory results, and the 120 Companies and 20,000 miles of line were therefore consolidated into that number of groups - which is possibly all that is necessary to achieve success in Great Britain.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119310

So marked however has been the success consequent upon amalgamation and so favourable to it is labour that the latter sees an advantage in attempting to improve upon it by still further consolidating into less than four groups - preferably into one group.

The Railway Trade Unions on behalf of the personnel are pressing for further consolidation, and this has been referred to in a very important quarter, namely by Mr. William Whitelaw, Chairman of the L. & N.E. R., who has publicly stated that, if its sought to consolidate the four railway groups still further into one organization under a single control, such a step, assuming the interests of the owners of the railways are properly safeguarded, could not very well be resisted. Mr. Whitelaw makes it very clear, however, that he is not advocating "Nationalization" in its usually accepted sense, but "Rationalization" and he maintains that any controlling authority must be in the nature of some form of operating Board, it being above all things absolutely essential that any form of single authority established must be completely and entirely divorced from any possible direct Government control. Such a stipulation would be accepted as perfectly feasible in England, as evidenced by the London Transport Board and Port of London authority.

At the 1938 Annual Meeting of the L. & N.E. R., just held, Mr. Whitelaw expressed himself on this subject as follows:-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

"On the question of nationalization he would like to say definitely that it would not be found that anything he had said or written during the last few months was favourable to what had been called "Nationalization" by the speakers at the meeting. What he had said was that, if at any time the Government of this Country proposed to purchase the railways, then, provided they got fair terms, he did not think the stockholders would oppose. He had advocated the ownership of all the railways and road-transport interests perhaps in one hand, but not in the sense of nationalization under which the railways and road transport would be managed by a Parliamentary Committee. That was not in his mind at all, and he has never uttered it, and the word "nationalization" put into his mouth in that connection was generally entrely misleading."

"Monopoly" abuse

The L.M.S. and L. & N.E.R. groups in particular were granted a "monopoly" in their respective areas which, to an extent, may not improperly be measured - in relation to general economic, industrial, social, political, population, traffic units, and in the number of railway personnel serving each group, - with any "monopoly" which can be effected through railway unification in Canada.

The Railway Gazette of April 27, 1923, pointed to the fact that grouping had established a considerable amount of monopoly in territory.

Sir Ralph Wedgwood (L. & N.E.R.) in a letter to the "Manchester Guardian" in 1922, emphasised that excesses on the part of the enlarged Companies would be most unlikely because that would be against the interests of the Companies themselves and the enlarged Companies would be sensitive to public opinion.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119312

On the question of the fear of a "monopoly" of this kind, one may again refer to the London Transport Board set up in 1932, as another striking example of the elimination of the competitive element in public transport, and, in that sense, the establishment of a "monopoly", as previously stated the Railways Act of 1921 had left undisturbed the multiplicity (some 140) of transport interests of various types which handled the great proportion of the enormous passenger traffic moving within the London area.

The London Passenger Transport Act of 1932 set up a single consolidated Authority (apart from the main line railway Companies) in the Metropolitan area.

After the consolidation of these individual operating units there was inaugurated a system of pooling net revenue in such a manner as to include the passenger carryings within the London area of the four Main Line Railway Groups which are thus, so far, embraced within the orbit of the London Transport Board Act, and complete its intention that London transportation requirements should be, to all intents and purposes, completely unified.

Refusing to be stampeded by any suggestion of "abuse through monopoly" in relation to the country wide control by four railway groups, and the handing over of London's huge daily transport requirements to one authority, the Minister of Transport relied with confidence upon the powers vested -

in the Railway & Canal Commission as being ample to -

(quote) "secure and promote the Public safety or the interests of the Public or of Trade or of any particular locality by the provision of all reasonable railway services, facilities and conveniences."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

in the Railway Rates Tribunal for the - [illegible]

(quote) "proper application of railway rates and charges alike fair and reasonable both to the Community and to the Railways."

and in the Central Wages or the National Wages Boards (Now (Railway Staff National Council and Railway Staff National Tribunal)

In regard generally to conditions of service for Personnel.

Highway Transport

In England jurisdiction over the highways is vested in the Minister of Transport and, through him, the County authorities.

In the matter of Regulation the Railways in Great Britain, as compared with Canadian railways, are gradually being placed in a much better position viz-a-viz road competitors because the control over both Railways and Highways rests with the one authority, whereas in Canada the Provinces' control over the Highways makes this a much more difficult problem.

The English Railways found themselves obliged to engage direct in highway transport; their activities in this respect have been principally in the direction of assuming a fifty-fifty control in the more important road passenger services and, to a very much smaller degree, in certain road freight services.

The British Railways have invested relatively heavily in the former and in a much less degree in the latter. It is understood that the road freight services in which the railways are interested financially are chiefly engaged in the pick up and delivery of goods traffic for the railway Companies, within city limits, a service which has always been

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L1931.4

provided by the English railways and for which service a special charge is included in the rates. In some few instances the railways have taken over the freight road services of Companies penetrating into country districts.

Economic consequences of amalgamation of the Railways in Great Britain into four groups.

At the conclusion of the Great War, when the return of the railways to the owners was due -

the Public wanted - the railways to be returned to private ownership

the Traders & Shippers desired - lower rates and charges and decreased passenger fares.

the Personnel required - the war-time wages schedules to be maintained

the Railway Companies sought - to be in a position to earn satisfactory net revenues

and it was accepted that anything short of a thorough measure of amalgamation would not meet this situation. It was especially clear that, without consolidation, the weaker Companies could not possibly carry on and meet these various conditions.

The provisions of the Railways Act of 1921 were intended to cover this situation and the amalgamation of the railways in the United Kingdom, insofar as transfers of ownership were concerned, was completed in 1923, when 120 Companies were consolidated into four groups. The Act -

(a) facilitated the return of the railway undertakings from Government ownership to their private owners.

(b) provided for amalgamation, and

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1193.15

(c) in place of the hitherto existing system of maximum charging powers created a revised method of rates and charges based upon a standard maximum profit for the four groups. (The aggregate of the net revenues for 1913 - with some allowance for increased capital expenditure) was adopted as the basis for the new maximum net profits)

The Minister of Railways expressed his strong opposition to any policy of Nationalization, as generally understood by that term, in respect to the railways in Great Britain and, in any case, the Public would not have stood for continued Government control of the railways after the war. In this connection Sir Ralph Wedgwood, Chief General Manager of the L.& N.E.R. has stated -

> "The Railways Act, in grouping the Companies did no more than what the Companies have been attempting to do for many years but their efforts prior to the War to seek approval for consolidation programmes were regarded with disfavour by the Government."

Consolidation or unification implies inherent advantages in a "National", as well as in a purely "Railway" sense, and the Railway Act of 1921 is no exception to this rule. The "National" benefits were to accrue to the public in increased and improved facilities and by moderate rates and charges, and in a "Railway" sense to benefit the Personnel by the application of a schedule of fair wage rates, and the Railway owners by the attainment of satisfactory net revenues.

An annual saving of twenty-five million pounds within seven years was estimated by Sir Eric Geddes, the Minister of Transport, responsible for the Railways Act of 1921.

The "Railway Gazette" in 1922 recorded -

> "That there would possibly be no resultant economies in the long run", and, again, that "the whole scheme rests on a very flimsy foundation involving a strange belief in the great economies to be derived from grouping".

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119316

But on January 24, 1930, it had this to say in an editorial article respecting the virtues of amalgamation in Great Britain -

"After seven years - Sufficient time has now elapsed to make it possible in some measure to estimate the successes or otherwise of the Railways Act of 1921. While it is possible that the results have not been so far-reaching as were expected this has not been the fault either of the Railways or the Act. Trade conditions have been bad but real substantial benefits have already accrued to the railway user, the shareholder, and the railway employee alike."

"Material concessions in rates and fares have been made to the trader and the public. Amalgamation has brought about a condition of greater stability in the railway structure to the advantage of the railway stock-holder and the negotiating machinery in wages questions set up by the Act has made for peace in the railway world. It is true that the vast economies foreshadowed by those responsible for the Act have not been realized but very substantial economies of operation and administration have been made and this is borne out by the results for the year 1928, an abnormally bad year from the traffic point of view. The common sense point of view of the amalgamation policy from the standpoint of economies is to regard it as a tendency rather than as achievement - as a process that is still going on. This is particularly true of standardization, the fruits of which are becoming more apparent every year".

W. H. Fraser writing in the "Railway Age", on January 5, 1924, said -

"So far, there is every indication that Sir Eric Geddes was justified in introducing the Railways Act of 1921 as being the only solution to the difficulties of the railways which had arisen through Government control. Consolidation has materially strengthened the industry at a most critical time."

By 1926 the Railway Managers were being questioned as to whether the savings anticipated by reason of amalgamation had been realized.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119317

In that year Sir Josiah Stamp, (now Lord Stamp) on behalf of the L.M.S. Railway, said that the savings predicted under amalgamation had not been realized but he pointed out that it takes time for such economies to become effective.

Apparently the Great Western Railway had begun to benefit by amalgamation; in the same year (July 1926) Sir Felix Pole, General Manager of that Company, in a contribution to the "Sunday Express", expounded his views on the results of the grouping of the railways. He pointed to the great economies effected, as demonstrated by the fact that wages were high and on a level of approximately 150% above pre-war; credit was good and large sums were being expended in improving the standard of maintenance of absorbed lines. At the same time, the railways were giving substantial concessions in rates and charges of all descriptions and, so far as the Great Western was concerned, the economies effected had been of a substantial character. Sir Felix concluded his review of the situation by saying:-

> "It is astonishing how considerable these economies have proved."

Sir Felix speaking at Cardiff as early as October 16, 1924, had already stressed the fact that amalgamation had produced very substantial economies especially in overhead charges, reductions of Directors, decreased office expenses, in altered methods of train working, eliminations of duplicate lines and by standardization. - Sir Felix was very emphatic:-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119318

"I have no hesitation in saying", he said, "that but for economies which have been effected in this and other ways, as a result of grouping, the Great Western Railway could not have been in a position to make such reductions in rates and charges as have been made."

Sir Felix pointed out that on Coal shipments alone in South Wales the Great Western had been enabled to decrease its railway and dock charges by nearly £3,000,000 in one year.

The Railway Companies could also have stated that, in anticipation and because of the adoption of amalgamation, very considerable annual savings had already been secured prior to, and in the period between 1921 and the effective date of amalgamation in January 1923.

These particular savings were admitted by the Railway Rates Tribunal at £1,200,000 per annum. The Railways were allowed to add one-third of any savings resulting from amalgamation as between the passing of the Railways Act in August 1921 and the effective date in January 1923 to their standard net revenue basis so that for this purpose the railways were credited by the Tribunal with £400,000 as follows:-

| | |
|---|---|
| L.& N.E.R. | £91,000 |
| L.M.S. | £139,000 |
| G.W.R. | £93,000 |
| Southern | £77,000 |

This type of saving is witnessed to by Sir William Wood who, speaking in 1933, said:-

> "In anticipation of amalgamation there were informal partnerships which resulted in substantial savings of a permanent nature."

As a matter of fact, the railway groups admit that it took them until 1925 to decide questions of policy founded upon the new conditions under amalgamation, and to initiate large scale action thereon.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119319

It might further be noted that the estimate as to savings was based upon the maintenance of at least a normal traffic revenue, and also not without regard to a potential increase in traffic which, in 1921, everybody, including the Minister of Transport, confidently expected.

Sir William Wood, of the L.M.S., has, however, pointed out that,-

> "The years following amalgamation were of great economic disturbance with their attendant effects on the trade of the Country; and immediately before amalgamation was actually made effective and since, railway transport bound at almost every point by public regulation was subject to fierce unregulated road competition lavishly subsidized by public funds."

This prolonged business blizzard, as it has been called, greatly stimulated in its detrimental effects by the General Strike and also the Miners strike in 1926, coupled with ever increasing road encroachments into traffic, was bound injuriously to affect any calculations and results, involving anticipated economies, founded upon basic normal conditions.

The extent of the road competition may be measured by the fact that, in 1932, the four Railway groups, in their evidence in connection with the Road-Rail Traffic Act, stated that the estimated annual loss to their net revenue by road competition was no less than £16,000,000 - of which £10,000,000 was attributable to Passenger traffic and £6,000,000 to Freight traffic.

Let it be said, however, that the English railway groups declare it is impracticable to assess any approximate saving in working expenses due to amalgamation. Even so, such a statement does not mean that such savings are not

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119320

there. It merely means, in effect (that while it is certain that there are no responsible English railwaymen today who would be prepared to affirm that amalgamation in itself has been anything other than of the greatest possible service in establishing the railway system generally in Great Britain upon its present satisfactory basis) the four groups do not think it worth while to go to the trouble and expense of segregating such economies.

It is not difficult to imagine that in respect to this matter the Railway Companies have their own reasons for the attitude which they adopt. At the time of writing, they are feeling pleased with themselves generally and satisfied apparently to take things as they are. They persist under amalgamation in exhibiting a cheerful outlook, even while still seriously affected by excessive road competition - and meeting it to an extent which would have been impossible except for the relief afforded by amalgamation.

Sometimes the Railways are not quite so reticent. In 1931, before the National Wages Board, the Railway Trade Unions were making application for the maintenance of their idea of fair railway conditions of service for the personnel. The Unions are not without some knowledge of the extent to which savings must have accrued to the Companies by reason of amalgamation, and they strongly pressed the factor of these savings; we therefore find the Railway Companies make this declaration:-

> "The Railway Companies do not deny that since amalgamation considerable savings have been effected nor do they maintain that the possibility of future savings has been exhausted."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[11932]

But in their general attitude on this question of amalgamation savings the Railways, as Companies, have been consistent in their standpoint that such savings cannot readily be segregated. As far back as 1922 Sir Ralph Wedgwood, in a letter to the "Manchester Guardian" dealt with this point in the following arresting way:-

> "He deprecated the attention paid to "what savings will accrue". He thought this was unanswerable and unimportant. Unanswerable because the only savings that really count must be spread over years and cannot be isolated. Unimportant, because savings to be permanent can only flow from a sound basic organization and are entirely dependent upon the establishment of the industry in a satisfactory relation to the Trading public on the one hand and the employees on the other.
> These relations are fundamental and if they are neglected savings realized in one year will be wasted in useless friction in the next or swallowed up in the progressive discrediting of the industry."

Individual statements however by responsible Railway Executives and representations of the personnel clearly indicate that the gratifying effects of the rationalization measures initiated and carried through by the General Managers with such notable skill and efficiency could only have been achieved, in anything like their full extent, by reason of the fact that they were applied to wide scale operation founded upon amalgamation. Without the initial impetus thus furnished by consolidation the rationalization measures securing such efficiency and economy would have been impossible. It also follows, of course, that without the qualities of railway leadership as exhibited by the General Managers and their staff, amalgamation in itself would have been useless.

Sir William Wood, Vice-President of the L.M.S., speaking to the local section of the Institute of Transport at Liverpool on November 7, 1930, said:-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119322

"The policy of amalgamation had undoubtedly been justified by the economies which have resulted."

"The Railways Act of 1921 has been a success generally, the one exception being the shrinkage in net earnings and the cause largely the activity of the state in aiding road transport. Further economies (under amalgamation) are without doubt obtainable and will mitigate these uneconomic effects of road development. Some of these economies will follow from a further fruition of amalgamation policy although larger physical developments with profits, as now, are improbable."

In June 1932, in reference to the savings secured by the L.M.S. through their locomotive policy, Mr. E.J. Lemon, Vice-President of that railway, said:-

"Rationalization has now yielded economies which would never have been achieved under smaller Company management."

and also

"Amalgamation facilitated economies due to bulk purchasing of "stores". Mr. Lemon stated, for example, that purchasing schedules before amalgamation contained 30,000 items; these were reduced, under amalgamation, to 4,400 articles. He said also that the value of the stores Department Stock, (excluding coal and hotel stores) taking January 1923 as 100 was down to 69% by 1931. Seventeen per cent of this reduction was made possible by revised carryings of stock made possible by amalgamation.)"

Sir William Wood, in October 1933, dealing especially with the subject of -

"Resultant economies - following amalgamation" said -

"Although ten years have elapsed since amalgamation took place, it is, I think, too soon to express an opinion on their ultimate effect, partly because many of the steps to fusion can only be taken or completed as individuals retire or as assets require to be withdrawn, and partly because many new arrangements and works fructify only gradually."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119323

He however affirmed that, so far as the L.M.S. was concerned, amalgamation had facilitated certain steps with ultimate resultant economies. These include

1. Concentration of Boards of Directors, General Management, and accounting work.

2. Gradual unification of previously distinct offices and staffs at stations and agencies.

3. General availability of rolling stock previously used only in one area.

4. Fusion of stores purchasing, and storage arrangements.

5. Common advertising and stationery arrangements.

x 6. Amalgamation of rival steamships services.

x 7. Adoption of Common braking system.

x 8. Track improvements permitting increase of availability of rolling stock.

x Required new capital expenditure.

9. Research and costing work with resultant economies which could only be secured on a wide basis by a large scale organization. This - Sir William said - has had a marked effect not only in reducing working expenses but also in reducing the quantity of Capital employed in rolling stock.

Sir William did not attempt directly to estimate the net effect, in pounds sterling, of reduction in working expenditure due to amalgamation but what he did say on this point was significant -

> "I do not propose to burden you with further details of these consequences of fusion, over a number of years very full descriptions of them have been given in evidence before the Railway Rates Tribunal, and I shall not attempt to estimate their net effect. To disentangle them from the economies which would have accrued in any event and the reductions in working expenses, due to price levels and less traffic, is extremely difficult, if not impossible in many cases, and while large specific cases have been isolated, totals are impracticable. Overall figures are of course available and they are most striking. Between 1922 and 1932 there was reduction in

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[ ] 93324

working expenses of £49,000,000 in the four groups and in this period by far the larger part was due to economies, though not solely to those resulting from amalgamation."

The Railway Groups spent some £200,000,000 during the ten years on major reconstruction and additions but only a minor proportion (about ten per cent) of this expenditure had been charged to new capital.

Sir William goes on to say:

THE INCIDENCE OF THE RESULTS OF AMALGAMATION

"So far I have been considering the broad National results of amalgamation as that was the principal object of the Act of 1921, and the results of the ten years, considered nationally, have, I consider, been more satisfactory than was anticipated in 1921, although many of the good results were not then thought of and some then forecast have not been touched."

"When, however, we come to the incidence of those results (due to amalgamation) as between railway owners, railway users, and railway employees, compared with the anticipations of 1921 the position is very different."

In this respect, in regard to the railway situation existing in 1933 Sir William Wood expresses himself as follows -

The Railway Act contemplated that normally each of the four new companies would earn the same net currency as its parts did in 1913 - namely (with some allowance for the expenditure of new capital) £51,000,000 per annum. In 1932 the net revenue of the four Groups was only half that amount due to heavily decreased traffics, combined with a level of railway rates which, in 1933, was only 45% greater than in 1913 with net railway working costs 80% higher, (Sir William says that this 80% net increase is arrived at after allowing for all the amalgamation economies and savings).

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

 119325

Sir William concludes from this situation that under amalgamation -

1. Railway users have benefitted because railway charges have increased less than railway costs.

2. Railway staffs have benefitted because the wages rates have increased considerably more than the cost of living, in fact, in purchasing power they are higher than ever before.

3. Railway net revenues alone have suffered unduly.

so that while the Public and Railway personnel had benefitted from amalgamation results, the Railway owners - in respect to net revenues - Sir William concludes, had not so benefitted. Net revenues had been left the "knocks".

Sir William, for the purpose of his analysis, arrives at the net figure of 80% increase in working costs after giving due credit to the effect of the savings and economies following and largely consequent upon amalgamation. Without these savings the working costs would necessarily have been at a higher figure, personnel would have suffered, railway rates would have been higher, and railway net revenues would have been still worse off.

Sir William Wood closed his review of the ten years' working under amalgamation conditions, saying, in part,-

> "I consider that the unnatural part of road transport development between 1923 and 1933 was the considerable waste of National resources at a critical period, which also retarded the intentions of the Railways Act of 1921. It sounds paradoxical but the success of that Act in other respects has assisted Road transport and its Government aid because amalgamation economies to some extent hid the effects of the Government road policy and had the old companies continued their separate ownership there would have been a crisis before now".

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119326

In reference to personnel Sir William had pointed out that -

> "Staff conditions in the usual sense - rates of wages, hours of labour, etc. - had been revised on a National basis during the period of Government possession, and the further changes following amalgamation were unimportant. This pre-amalgamation change was, in fact, one of several burdens which the poorer Companies could not have carried if amalgamation, or other legislation with a like effect, had not been enacted. This was recognised by trading interests when the Government plans of 1921 were under consideration, and it was then urged that in the interests of trade the poorer Companies should not be left to take their chance. The result has, however, been to make the difficulties of the amalgamated Companies greater than they otherwise would have been in the exceptional economic conditions of recent years.

Speaking at Bristol as late as October, 1936, Sir Wm. Wood made a very important statement in relation to specific L.M.S. economies due primarily to amalgamation. We now get nearer to some definite idea as to savings in at least one important direction and it might be noted, in view of the nature of the saving here referred to, that the Railways Act of 1921 very definitely intended that the objective of the Railway Groups should be the closest possible adherence to the principle of standardization especially in relation to rolling stock, including locomotives. The Act in fact embodied authority to enforce, if necessary, standardization and savings effected under that heading should, in fairness, be ascribed to amalgamation.

Sir William said:-

> "This brings me to the economies which have been effected in recent years. Between 1922 and 1935 the four companies effected a reduction in working expenses of no less than £45,000,000. This includes, of course,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119327

reductions due to price changes and output as well as true economies and against it must be set the interest incurred on capital expenditure to secure it. I can best illustrate the type of economy I have in mind by referring to one feature relating to my own company, that of locomotive policy. We are working to-day on the L. M. S. with a reduction of 24 per cent. in the total number of locomotives compared with the time of grouping, which is I think in itself a striking example of the saving effected. By reducing the number of types, re-organising the workshops and repair sheds, obtaining longer runs between shoppings for repairs, improving the running shed arrangements and introducing locomotives of new designs, we have secured a clear economy of £2,000,000 per annum apart altogether from changes in prices and quantity of work. I think you will agree that this result - which I give merely as a striking example of what all the companies are doing in various directions - is very satisfactory."

(Vice-President E. J. Lemon, L. M. S., in July 1930, stated that the results obtained in this respect by the L. M. S., were typical of what was being accomplished by his colleagues on the other railways.)

It has been said that because the English railway groups were not allowed to dismiss personnel by reason of amalgamation this is offered as one of the main reasons for non-production of economies. No one, however, has any need to make, any such excuse for (supposed) lack of economies.

Since amalgamation the "exit", so far as the personnel was concerned, was wide open to give effect to the normal attrition process BUT THE ENTRANCE leading into the service was guarded, and it was at the latter point that any economy in personnel gained its momentum and achieved its effect. Thus was economy in personnel obtained, and by this simple process can always be obtained, so far as unification

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119328

is concerned, without hardship of any kind to a single established railway man.

The English Railway Companies say that the decrease of 68,754, or 11% in personnel between the years 1937 and 1923 can be attributed to:-

(a) reduction in administrative staff

(b) the improved service efficiency consequent upon amalgamation, and

(c) fluctuations of traffic.

The tentency is for personnel to increase again with traffic improvement and in any event railway employment, under the more settled conditions, applicable to the four groups on a consolidated basis is now of a more assured character.

The testimony furnished independently by the English Railway Executives indicates therefore that there have been very large economies clearly ascribable to amalgamation. The economy of £340,000 per annum to be achieved by pooling - and which certainly would not have been available except under amalgamation conditions - has been referred to as being, if not spectacular, at least worthwhile. Credit must apply in greater measure to the other considerable savings which have been acknowledged by the Railway Companies, and repeated as follows -

Sir William Wood announces a saving per annum of £2,000,000 on the L. M. S. alone, related to locomotive policy; information published by the railways shows that in

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119329

respect to the administrative class of personnel, by 1924, a payroll saving of £413,000 per annum had been effected. We know that in the eleven years ended in 1931 no less than 3,000 Station Masters had disappeared which could hardly mean an annual saving of less than £750,000. At the Annual General Meeting of the L. M. S. Railway Company in February, 1930, Sir Josiah Stamp (now Lord Stamp), the Chairman and President of that Company, pointed out that there had been a reduction of £372,000 in salaries and office expenses and he stated "This is an easily isolated example of the steady fruition of the economies resulting from fusion of administrative staffs". At the L. M. S. Annual General Meeting in February, 1932, the Chairman and President pointed out that this particular saving had been expanded to £1,000,000 comparing the year 1931 with the year of amalgamation. Savings admitted in respect to displaced Boards of Directors amounted to £150,000 per annum, and pre-amalgamation savings, due to unification, were officially admitted at £1,200,000 per annum.

But the greatest economy of all, however, and amply justifying Sir Eric Geddes' estimate, is represented by the results from the rationalization efficiency secured by the General Manager of English Railways rendered possible through the application of amalgamation in 1923. The English Railway Companies have endorsed the claim that this improved efficiency had enabled them to keep down freight rates and passenger fares to a general level not exceeding 50% above pre-war, with pay for the personnel at 100 per cent above pre-war.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119330

Sir William Wood emphasized that a very large proportion of the benefits derived from rationalization does not appear in reduced working expenses as arrived at by a balance in figures and, in that sense, does not shew in the accounts at all. Such benefits, represented by operating economies, have been turned back for the credit of the Traders in the maintenance of low freight charges and passenger rates and for the benefit of the personnel in the increased salary and wage schedules.

Eminent authorities, not connected with railway interests, but as a result or studies facilitated by the English railway management, have formed the same opinion in regard to amalgamation economies. In an article, by a well-known Civil Engineer, published in the "Financial Post" (New York) on April 23, 1938, it is claimed that these (in a sense, unseen) economies which have been passed on to the shipper and to the Staff, amounted in total in 1936, to no less a sum than £42,000,000. In the same article appears also the following significant reference:-

> "The Railways Act made possible the rationalization of the British Railways on a comprehensive scale, without which the subsequent reduction in rates would have bankrupted one-third of the rail mileage."

K. H. Johnston, writing to the "Railway Gazette" in February 1938, said -

> "No ill effects have been attributed to the measure of consolidation hitherto achieved by the railways in Great Britain and many economies have been rendered possible by it - probably some two-thirds or more of the huge saving of £40,000,000 a year which, according to W.J. Stevens' published book, the railways were able to effect between 1924 and 1933."

Sir William Wood has also pointed out that the reductions in railway working expenses in England would have

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[illegible] 1933 [illegible]

~~been much~~ larger had there not been the necessity for expanding expenditure for the purpose of fighting road competition in particular and, to a less extent, air competition.

In the face of such testimony in favour of the results of railway amalgamation in Great Britain it cannot possibly be maintained that such a policy has been anything other than a huge success.

Without amalgamation, in the words of Sir William Wood, -

> "if separate ownership had continued there would have been a crisis".

With amalgamation, in the words of Sir Ralph Wedgwood, Chairman of the General Managers Conference in London, (speaking for the four railway groups as a whole) in April 1938

> "The railways look back on the year 1937 with satisfaction and they look forward to 1938 with confidence."

In conclusion, it is true that for the reasons which have been given the British railway companies have not seen fit to segregate or to publish complete figures assessing the money value of the economies produced by their amalgamation into four systems.

It must be kept in mind, however, that the objects to be attained by amalgamation went far beyond the mere reduction of expense to the railways or the increase of railway net revenues.

Before amalgamation and immediately after the Great War the railway situation in the United Kingdom presented

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119332



three chief problems. There was the serious necessity of lowering railway charges to their users. These were comparatively high as compared with those for example prevailing in North America, and the national economies required a reduction in transportation charges. In addition, in the special circumstances of the United Kingdom, the effect of highway competition was beginning to be very marked, and it was necessary to enable the railways to meet this. The second point was that, as part of a general social policy it was regarded as an essential part of public policy that the comparatively high rates of remuneration for the personnel established during the Great War should be maintained.

The third urgent question was to permit the British railways to obtain the resources needed to bring the technique of their operations up to a point where the delay to improvements created during the War would be overcome. During the War British railways had suffered from inability to continue the normal modernization of their methods.

The fourth problem was to prevent a financial crisis in the affairs of a large number of privately owned railways, which could not meet these new conditions under a continuance of separate ownership and intense competition.

It is thus necessary in considering the advantages of amalgamation of the British railways into four groups, to avoid any attempt to measure them solely by the simple test of reduction in expenses.

The test of success is whether all the problems above described have been solved. The public opinion in Great Britain is unanimously to the effect that this has been

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C119333



accomplished.

The railway workers in particular, as already indicated, are quoting the success obtained as evidence in favour of a more complete process of amalgamation. Attached are a few figures giving operating results and number of personnel of the British railways from 1923 to 1937.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119334



Some spotlights of the English Railways:-

| Year | Gross Receipts | Working Expenses | Net Revenues | Operating ratio % | Personnel |
|---|---|---|---|---|---|
| 1923 | 195.6 | 156.9 | 38.7 | 80.20 | 643,254 |
| 1924 | 193.0 | 157.7 | 35.3 | 81.71 | 669,648 |
| 1925 | 189.4 | 156.0 | 33.4 | 82.37 | 660,916 |
| 1926 | 162.3 | 145.2 | 17.1 | 89.46 | 648.612 |
| 1927 | 189.9 | 151.8 | 38.1 | 79.94 | 641,711 |
| 1928 | 181.5 | 144.7 | 36.8 | 79.72 | 636,669 |
| 1929 | 182.8 | 142.5 | 40.3 | 78.74 | 602,749 |
| 1930 | 172.6 | 138.9 | 33.7 | 80.80 | 617,308 |
| 1931 | 158.5 | 128.6 | 29.9 | 81.14 | 588,100 |
| 1932 | 145.4 | 121.4 | 24.0 | 83.51 | 562,594 |
| 1933 | 145.3 | 119.4 | 25.9 | 82.15 | 502,608 |
| 1934 | 151.1 | 122.9 | 28.2 | 81.32 | 541,121 |
| 1935 | 153.2 | 123.5 | 29.7 | 80.63 | 546,803 |
| 1936 | 159.3 | 126.6 | 32.7 | 79.48 | 565,000 |
| 1937 | 166.5 | 132.1 | 34.3 | 79.34 | 574,500 |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.T.9335

MEMORANDUM RE APPLICATION OF POOLING OF COMPETITIVE RAILWAY TRAFFIC AS IN THE UNITED KINGDOM, TO CANADA.

In view of certain questions which were raised at the sitting of the Committee of June 22nd, it has appeared desirable to amplify the general memorandum describing the effects of railway amalgamation in the United Kingdom so as to deal more specifically with the pooling arrangements which were referred to in the main memorandum as being established in order to eliminate as far as possible, the effects of such railway competition as remained in existence.

It may be noted that, as indicated in the main memorandum, there was no intention to regard these arrangements for pooling as being, in any sense, a desirable substitute for amalgamation. They were adopted specifically for the express purpose of eliminating, as far as possible without complete amalgamation, the wasteful effects of the remaining intergroup railway competition.

With this in view, the railway companies in collaboration abstracted for a period of two selected years complete details of the competitive railway traffic conveyed between each pair of competitive points in the United Kingdom - as, for example, between such points as London and Birmingham, which are served by two railways.

Having determined in this manner what were regarded as the standard proportions of carryings by each railway group between the various competitive points, these were accepted as governing future traffic. It was then provided that, as from

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119336



an agreed date, on all future traffic between the said competitive points, firstly, the Company which actually carried the traffic would receive what was regarded as a reasonable fixed allowance to cover cost of carrying and that, secondly, the remaining revenue from the traffic would be divided between the companies in the same proportion as ascertained by their competitive carryings in the standard years.

This method has enabled a satisfactory division to be made of the revenues derived from competitive traffic, with a minimum of accounting, and is designed to put an end to all competitive soliciting effort.

While the detailed results of this arrangement are not available and further investigation would be needed to obtain a complete picture, it is clear that, in making such a plan operate successfully and be generally acceptable, there can be no great diversion of traffic from one route to another to unbalance the carryings of the respective companies. These would have to be maintained generally in their former proportions. It is assumed that to obtain this end the scheme embraces some automatic or prescribed provisions.

Although this method of partial co-operation cannot possibly produce savings on a scale equal to those obtained by physical amalgamation of the properties and complete unification of management, it is evident that it permits some removal of the waste resulting from competition.

In considering the possibility of the application of a similar plan in Canada, certain obvious differences of conditions must be taken into consideration.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 19337



As pointed out in the main memorandum, the effect of the amalgamation of British railways into four systems has been very much in the direction of establishing regional monopolies. These, as has also been pointed out, all cover sectors of England radiating from London. In Canada, there is no such general focus of business which would control the division of the country into zones as between two railways.

In the United Kingdom, generally speaking, the main lines of the amalgamated railways do not infringe on each other's territory in a marked degree. In Canada, the main lines of the two railways are parallel throughout the country and, except in very few cases, there is nothing in the nature of regional monopoly. Indeed, the main and branch lines of Canadian railways cross each other in an interlaced network throughout the Dominion. That is, on a larger scale, the existing situation in Canada is not comparable to the present situation in the United Kingdom but rather to that which existed as between many railways in the United Kingdom before amalgamation.

In the second place, in the United Kingdom, owing to the comparatively small size of the country, the freight rate structure is not affected by distance to anything like the degree which is the case in Canada. In Canada, it is generally a fact that length of haul is subordinated to other considerations in rate making whereas, to a far greater extent in the United Kingdom the rates are in proportion to mileage.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119338



From the standpoint of working expense, there is also a marked difference. The compactness of the United Kingdom, the density of traffic and the comparatively large volume of each type of traffic all tend to produce a greater uniformity of cost of handling traffic than is the case in Canada. In Canada, with the greater distances and the greater variety of operating conditions and the more limited density of movement in total and by types, there is not the same uniformity throughout the country of working expense. In these circumstances, it seems probable that to develop an equitable formula for the application of this method of co-operation in Canada, short of complete unification, would involve great difficulties.

In the United Kingdom a certain stability of traffic conditions has been attained to a much greater extent than in Canada. The permanence of division as between competing railways of individual items of traffic is probably much more established in the United Kingdom than is the case in Canada.

For example, one of the major items of railway traffic in Canada is Western grain. The proportion which this bears to the total traffic of the two railways varies as from one year to another in millions of tons. It varies also as between successive years and as between the two railways. It varies also in its geographical distribution in the different parts of Western Canada as between any two years. It varies greatly in the proportion which each railway handles. To obtain a formula which would make any division of revenue from

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119339



grain traffic equitable would be extremely difficult, and, even if this could be accomplished, there would be left a very serious difficulty in arranging an equitable distribution of expense.

While, therefore, there might be advantage in a further study of this method of co-operation as applied in the United Kingdom, since it was not adopted there as an alternative to amalgamation, since the conditions in the United Kingdom differ so markedly from those in Canada, and since it would not permit the important economies which are made available through the best physical facilities of both railways, it is respectfully submitted that it is improbable that this represents an effective method of eliminating competition without resorting to complete unification.

F. Bramley,
Secretary,
C.P.R.
Montreal.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119340

9.

Ottawa, Ontario,
June 29th, 1938.

Harry A. Pretty, Esq.,
22 Williamson Road,
Toronto, Ontario.

Dear Mr. Pretty:

I have yours of the 28th with enclosed, for which I thank you.

The writer of the letter is quite wrong as to savings by unification of Express Services not having been dealt with by the Canadian Pacific Railway Officials and by the Committee.

Yours very truly,

ARTHUR MEIGHEN.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

77 Williamson St.,
Toronto, June 28, 1938.

Rt. Hon. Arthur Meighen,
Dominion Senate,
Ottawa, Ont.

Hon. & Dear Sir:

I am attaching hereto copy of letter appearing in to-day's issue of Toronto Star which I thought was timely.

It is enclosed with the idea that the information if correct, might suggest some savings for the Railways

Yours very truly,

Harry A. Lotty

L 1 93 41

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

On...

**RAILWAY CO-OPERATION**

To the Editor of The Star.

Sir: It is interesting to note the voluminous reports given by different railway chiefs before the Senate committee, wherein they all stress the need for more co-operation, and their attempts to explain the failure of the two systems in getting to an agreement.

As most people who followed the Duff commission reports are aware, the stress was laid on the advisability of the express and telegraph departments to unify. This could be done with no loss of service to the public and would result in considerable savings. In the recent evidence, however, the stress of this as applying to telegraphs has been brought out but no reference has been made to the express departments. It has been estimated conservatively that savings of over $1,500,000 yearly would result in express unification alone.

When the railway brotherhoods' own representatives approved of this unification, why have the railroads been so slow to get down to a business-like agreement.

What the railroads seem to be suffering from is lack of good business heads. It is much easier to blame truck competition for their poor showing when the trouble seems to reflect on their poor business methods. PUBLICO

119342

From — Toronto Daily Star, June 28, 1938.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119343

Telephone : AD. 2845

DALTON J. LITTLE,
Secretary-Treasurer

# CITIZENS' GROUP FOR RAILWAY ACTION

607 Temple Building,
TORONTO 2, ONTARIO

September 24th, 1938.

Rt. Hon.Arthur Meighen, K.C., P.C.,
Room 1607, 320 Bay St.,
Toronto 2.

Dear Mr. Meighen:

The interview which you granted to me yesterday, relative to the Citizens' Group for Railway Action, was greatly appreciated. I thank you for the sympathetic hearing and for your kind offer to supply us with copies of the Evidence given before the Senate Committee dealing with the railway problem of Canada. As I stated yesterday, a member of our Committee has copies of the Senate Proceedings, although if at a later date we should desire to have them for our own office, I shall communicate with you.

We shall be pleased to forward copies of all literature or press releases, which are issued by our Group, to you.

Yours very truly,

CITIZENS' GROUP FOR RAILWAY ACTION.

During Ten Years to 1936, the C.N.R. cost Taxpayers $150.00 per minute.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MOVED BY THE RIGHT HONOURABLE SENATOR MEIGHEN 1934

SECONDED BY

THAT the evidence before this Committee be submitted to a firm of Railway Engineers and Accountants of high standing, free from all interest in either Railway System, to the end that such firm may study said evidence, and especially its practical Railway engineering and accounting features, and make such physical examinations as it may deem necessary with a view to making full report to this Committee as to what in the judgment of such firm would be the amount of savings which could be effected by a system of unified management, and whether and to what extent, if any, such savings would entail impairment of service to the Canadian people.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

5/

4394 Mentana St.,
Montreal, Jan. 10, 1939.

119345

E. R. Decary, who made a tremendeous killing in the purchase of private property in trust for the CNR. Terminal in Montreal is now I believe beyond the reach of Canadian law.

The story told on page 3 of the Montreal Star only reveals an infinitely small fraction of the numerous crimes he has committed mostly in Montreal during the past 30 years, including the dismissal of the writer in 1918, who then occupied an important past on the engineering staff of the City Hall, of Montreal.

Please read the same carefully. at $2 000.00 per

It should be an easy matter to bring this matter) CNR. property purchased before the Senate and House of Commons.

Mr. Paul Gouin's father appointed Decary, at the suggestion of Walter Mitchell, who have since answered the call of the angel Graeriel, and as the funds he now enjoys were ill-gotten by his father, he is also doomed to defeat, in the next pro. elections, and it will not be by M. Duplessis.

Thos. P. Mazurette.

To the Right -Hon. Arthur Meighen,
Senator.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119346

The Farm and Ranch Review

OFFICE OF THE
PRESIDENT AND
PUBLISHER

GRAPHIC ARTS BUILDING
Calgary,
CANADA

January 17th, 1939.

Copy

Rt. Hon. Arthur Meighan, P.C.,
The Senate,
Ottawa, Ontario.

My dear Senator:-

It has been suggested to me that I should send you a copy of letter which I have this day mailed to Senator Graham, Joint Chairman of the Special Committee.

Yours sincerely,

Edward O'Sullivan

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119347

COPY LETTER

January 17th, 1939.

Rt. Hon. Senator Geo. P. Graham, P.C.,
Joint Chairman,
Special Committee,
The Senate,
Ottawa.

Sir:

In view of the fact that no representations have been heard by your committee on the railway question from western agriculture, a number of my friends have urged me to convey to you my willingness to appear before the Senate Committee and present this case as I see it.

If you desire me to do so and will advise me as to a convenient date, I shall be glad to comply with that suggestion. As far as I know at present I should be free to attend almost at any time during the next month.

Many western farmers now feel that the inevitable outcome of the present drift must necessarily be an early increase in freight rates, which would be calamitous. I would deal with that phase of the subject.

I would submit evidence as to the futility of anticipating increased traffic revenue by reason of an early substantial increase in population. Also that any such solution of the railway problem would, under present circumstances, be highly detrimental to agriculture.

It would be my intention to discuss the existing fixed railway wage level, the largest item in operating costs, in comparison with the fluctuating agricultural price level and cost of living.

I would submit observations on the subject of competitive railway services from the standpoint of agriculture.

It would be my intention to briefly outline a plan covering the composition of a board of directors to supervise our railway administration

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

which would, I believe, effectually remove it from political influence and group pressure.

The group urging me to offer my services to your committee in this matter feels, that your final conclusions on the railway issue should not be formed until you have heard and considered the arguments of the largest and most vitally interested body of producers in Canada.

I may say, that I have lived and farmed in Western Canada for over half a century and have edited my farm periodical for thirty-five years. I have thus come into intimate and continued contact with agricultural opinion. I would not appear as the accredited representative of any rural organization responsible for my submission, but would express my own views based on lengthy experience and a somewhat careful study of the history of transportation development and its bearing on western agriculture.

Yours respectfully,

Sg. Edward Partridge

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L 19349

320 Bay Street, Toronto,
January 23, 1939.

Hon. C. P. Beaubien,
The Senate,
Ottawa, Ont.

My dear Colleague:

Enclosed is copy of letter just received from C. W. Peterson of The Farm and Ranch Review, Calgary. I think we certainly should see that this man is heard. I know him, and we could get no better witness in all Canada on the subject matter he refers to.

Enclosed also is a publication of the Canadian Chamber of Commerce with reference to our Committee and desire for submission of the evidence to a firm of railroad engineers and accountants.

Yours very truly,

AM/E.
Encl.--2.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119350

THE SENATE
CANADA

Office of the Hon.C.P. Beaubien,
84, Notre-Dame St. West.

Montreal, January 25, 1939.

Right Honourable A. Meighen, P.C.,
President,
Canadian General Securities,
320 Bay Street,
Toronto, Ont.

My dear Leader:-

I share your opinion that Mr. C. W. Peterson of Calgary should be heard. His evidence, as outlined in his letter, would present a new feature of the problem, which no doubt our Special Committee should consider.

I had already the resolutions adopted by the Canadian Chambers of Commerce of Canada at their annual convention on the 30th of September last. Their resolution concerning the railway problem is very much in line with your own views and mine, and perhaps I might add with the sentiment expressed by those better in a position to give sound advice.

Very sincerely yours,

CPB-AG

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[1935]

THE SENATE
CANADA

Office of the Hon.C.P.Beaubien,
84, Notre-Dame St. West.

Montreal, January 25, 1939.

Right Honourable A. Meighen, P.C.,
President,
Canadian General Securities,
320 Bay Street,
Toronto, Ont.

My dear Leader:-

I duly received your letter of the 24th instant and shall endeavour to look up the matter to which you refer. I shall communicate directly with my colleague in Ottawa.

With kind regards,

CPB-AG

C. P. Beaubien

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119352

# "THE RAILWAY PROBLEM"

*Address delivered by A. L. A. Richardson to the Belleville, Ont., Rotary Club, January 30th, 1939*

If I express at the outset what may seem a commonplace to you in saying that I really do appreciate the honor of addressing this Club, may I assure you that for several reasons I do it with a real sense of humility?

Because, from what I appreciatively read in our newspapers concerning Belleville, there are many in your own community who are better qualified to address you on this subject, and who could say what I have to say more forcibly and eloquently. I feel I am carrying coals to Newcastle.

In addition to these reasons, I too belong to a Monday Luncheon Club and have served on the Executive, and know the difficulty of securing speakers to fill in between the really important Club engagements. Gentlemen, I appreciate that I am distinctly a "filler-in."

I once heard about another Club, the President of which was asked how they were getting along. "Fine," he answered, "except for two difficulties. First we have to find a speaker for every Monday. That's not so bad, it's the second difficulty that hurts. We then have to listen to him."

But on the other hand, this Club is under a certain obligation to me, because last Summer, after attending one of your luncheons, certain bandits proposed a game of golf on your beautiful Belleville course, and gave me (the visitor) as partner one of your members who plays as badly as I do, and then proposed some small stakes. Suffice it to say, my noon luncheon was not a free one.

## Lessons to be Learned from the British Railways

Gentlemen, one of the most interesting studies I have encountered having a bearing on our Canadian railway problem (and in spite of propagandists to the contrary, I insist that we have one) does not once mention Canada or the Canadian National Railways. It is a little book called A NEW ERA FOR BRITISH RAILWAYS, and is a study of the British Railways Act of 1921 from an American standpoint, with special reference to amalgamation. It was prepared by H. C. Kidd, of the University of Pittsburgh, and I commend it to your attention.

May I summarize it briefly for you, although the subject matter no doubt is very familiar to many of you?

In 1914 the railways of England, Scotland and Wales were drafted into the military service of the nation, and for seven years they were primarily machines of war. They were then honourably discharged and became once more instruments of commerce.

While the Government had a number of post war problems to settle, the railway problem was a complex one because the Government in 1914 had guaranteed to maintain their net receipts on the 1913 basis, and to return the properties to their private owners with equities unimpaired after the conclusion of hostilities.

But during the war changes had occurred in the social and economic life of Britain. Taxation had become heavy. The type and distribution of traffic had changed, and the railways were experiencing increased highway competition. The standards of pay had risen, as had most other costs, and railway equipment was rapidly becoming out of date.

Although passenger and freight rates had gone up substantially, and were imposing a heavy burden on industry and commerce, revenues of the railways were still inadequate to permit them to maintain the increased level of wages.

So at the close of the war the 120 railways in Great Britain were losing money. The shareholders wanted some return on their investment, the shippers wanted a reduction in rates, and the railway workers demanded that the general increase in wages brought about in the war period should be continued.

Convinced that competition was no longer desirable, the National Government undertook a rationalization of the situation.

Did they have the approval of the country?

They did not! The railways were opposed, the railway journals were opposed, labour was opposed, the Opposition in Parliament was opposed, and local Chambers of Commerce were opposed.

Sir Eric Geddes, after a brilliant career, had assumed, in a blaze of glory, the position of Minister of Transport, and had the unenviable task of guiding the Bill through Parliament. Within a few weeks his popularity had vanished. He and his Bill seemed to please nobody.

But the Government had hopes that, by the institution of economies, they would be in a position to lower rates, maintain wages, and satisfy the shareholders, and the only solution they could see was to eliminate, by a scheme of rationalization, the unnecessary and wasteful competition that prevailed among the railways.

So in 1921 the United Kingdom was divided into four general areas, with London the focus, and in each of these a railway company was created to absorb all the existing companies (120 all told).

The four lines were the Southern Railway System, the Great Western, the London, Midland and Scottish and the London and North Eastern, the names of which indicate the areas served.

So under the Act, the general plan of grouping was to eliminate direct competition between the groups — only competition between the areas would remain.

According to Sir Eric, railway competition was largely destructive. In his own words: "Such competition as there was, was the wrong kind of competition; it was the competition that tried to pinch somebody else's traffic."

Gentlemen, in Economics, railways are placed in the category of Natural Monopolies. That is, they are the type of enterprise in which competition is uneconomic and wasteful, and where we must depend upon the regulatory powers of such Boards as our Railway Commissioners to protect the user against any possible abuses of rates or services. The man who argues the necessity of competition among railways is today arguing for a theory which is unsupportable, and which is as extinct as the dodo.

Keep this in mind: The avowed purpose behind the rationalization of the British railways was the maintenance of fair rates of pay, improvement of railway equipment and technique, and reduction of rates, with the expectation of gradually increased benefits in the matter of net revenues.

What is their situation today?

1. Public opinion unanimously accepts the results of amalgamation as representing a successful solution of a difficult problem.

2. Rate regulation and supervision of standards of service are in the hands of tribunals appointed by the State, with the result that the public offers no criticism on the grounds of loss of competition.

3. Labour was given protection by statute against any damage from amalgamation and no criticism is offered on that point.

4. Labour have kept their jobs; they have suffered no reduction in the rate of pay, and throughout the period of 1921 to the present, have been strongly advocating and assisting in the creation and making of economies in every direction. The railway worker has co-operated in averting the hiring of additional workers and has been a leader in urging administrative economies of all descriptions.

The English railway worker is today pressing for a final amalgamation of all the railway services, on the ground that there will be further savings.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19353

Now, Gentlemen, does the situation of the British railways in 1921 and their position today offer any guidance for our Canadian railway problem?

It is said that the Englishman "muddles" his way through problems—and there seems to be a growing Canadian philosophy that we should drift through our problems (although in some of them we are drifting pretty far from the shore).

But, Gentlemen, Great Britain knew she could not afford to muddle through her railway problem. She took action—and by protecting all interests fairly and by not sacrificing wages, rates or railway workers, has progressed a long way towards its final solution.

Does that deserve the attention of every Canadian citizen, and of every citizen of Belleville, the majority of whom directly or indirectly benefit from railway employment?

## Canadian Railway Problem

Up to this point I have not been on controversial ground, and the views that I am now going to express may be at variance with the views held by many citizens of your community, many of whom might ask what right have I to discuss the problem. I have little or no right—except as a citizen of Canada, and as an unwilling contributor to the deficit of the Canadian National Railways, and because I was assured that this group rather prided itself on the maintenance of an open forum for the discussion of such questions.

There are two schools of thought on our Canadian railway problem. I belong to the school which urges that there is much that must be done to correct our present hopeless situation, and which believes that the problem would largely disappear if we tackled it as courageously and forthrightly as the similar problem was tackled in Britain in 1921.

Of the several plans that have been presented for dealing with the Canadian railway problem, I feel the one that promises the most successful solution from the point of view of the taxpayer, the railway user, labour, and the railways themselves, is the plan of unification advanced by Sir Edward Beatty.

I adhere to it because it is the only constructive idea that either railway has advanced. Any one who took the trouble to read the evidence presented before the Special Committee of the Senate last year will confirm my statement that all the presidents and other high officials of the Canadian National Railways had to offer was criticism of the Canadian Pacific estimate of savings, and a pious hope that conditions would some day get better, and by a miracle the deficits would be reduced. For years they have been expressing similar hopes, and we have never yet seen the realization of one of them, and year by year the Canadian National is plunging the country deeper into debt.

I do not apologize to anyone for listening and subscribing to Sir Edward Beatty's recommendations, because after all he is the head of one of the largest and most successful transportation companies in the world, let alone Canada, and his company is one of the greatest Canadian assets, and one which never, since the initial grants in 1882, has cost the Canadian taxpayer one cent.

What is the other school of thought? It is the school which would have existing conditions prevail, and even allow them to become worse. All who belong in this school are like the man we all know who will not go to a doctor when he is sick for fear the doctor will prescribe something drastic in the way of an operation, even though that operation may save his life and give better health in future.

This do-nothing school of thought is the pleasantly optimistic school, which should have as its school crest an ostrich with its head in the sand.

It is a school, one of the chief mentors of which is the Winnipeg Free Press, which has been wrong on every railway question for the last thirty years—they are still wrong.

This paper was the leader of the group which forced the building of the $170,000,000 National Transcontinental Railway for the carrying of grain, although in twenty years it has carried one shipment of 4,000,000 bushels.

This same paper advocated the building of the Hudson Bay Railway, although from the first it was certain that the route would be a commercial failure. It has been a colossal commercial failure. This paper is one of a school whose expensive and optimistic thinking, if continued, will lead this nation to the verge of financial disaster. I submit that a viewpoint which insists on ordinary business prudence in the conduct of our railway affairs possesses greater national vision than the discredited promises of mere futurists who are content to see our country over-mortgaged to support a future mirage of Canadian National prosperity.

## Labour and Unification

A great many of those who agree that something must be done with our railway problem fear that nothing can be done because of the opposition of labour.

May I make it perfectly clear, with the utmost sincerity at my command, that if I felt there were any danger of increasing unemployment or decreasing labour's income in solving the Canadian railway problem by unification, I should definitely and strongly oppose the movement to the best of my ability?

But we have seen from the British experience that labour has benefited from a solution of the British railway problem along sound economic lines, and that British labour is more than satisfied with a result which has prevented a forcible lowering of the standard of living of the many thousands of men who are employed on the British railways.

I am convinced that a similar result could be achieved in Canada, and that Parliament would grant adequate protection to labour.

The public and railway men in particular must have noted with interest that Sir Edward Beatty, in his advocacy of Unification, has stated on numerous occasions that he would not be in favour of the plan if it did not contemplate a safeguarding of existing railway labour. Such meagre steps as have been taken to ameliorate the condition confronting the Canadian railways and taxpayers since 1933 have not safeguarded labour. In other words, when the need for economy forced the railways to pool or reduce certain services, men were thrown out of work, and there are today in Canada many thousands of railway workers who are only nominally connected with any railway.

A condition such as exists today is not necessary if we, the people of Canada, insist that our Government bring about the reform that is needed, a reform which would eliminate duplications of all descriptions, not the least of which is the duplication in the ranks of higher executives who are not laid off in depressions.

I do not think that the inauguration of a plan of Unification would cost the consolidated railway system any material amount of money to protect its labour after the first or possibly the second year.

I say this because I have never met an unemployed bank clerk; and you will recall that in the last seven or eight years there has been a closing of something like 1,000 bank branches in Canada, or approximately one branch in four. If the closing of a bank branch had meant the dismissal of the employees of that branch, we would have unemployed bank clerks in this country to about the same relative number as we have unemployed railway men today.

But the policy of the Canadian banks, to the best of my knowledge has been throughout not to dismiss employees. The employees of the closed branches were absorbed into other work, or in the case of older employees, they were retired on full pay or pension, or a compromise between the two, a few years prior to their regulation age.

Keep this in mind: At least one employee in 25 leaves the railway service on the average each year through death, retirement, etc. Thus, in five years if the average were maintained a total of about 20% of the employees leave the railway. It has been calculated that a single co-ordinated unified railway system could be operated efficiently and give all its employees a greater number of days work per week than under the present duplicated and competitive system.

Thus, I contend, that if the co-ordinated railway was not required to save itself in the first or second year, but on the contrary gave every man now on the lists at least as much work as he has at present, there would be a gradual improvement in the earnings of this community, and every other community, and with lasting permanent benefits not only to the community, but to the workers themselves. Would it not be

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L 19354

something to look forward to? Can they see any lasting improvement under the present disastrous system? I feel certain, if labour were properly informed on these points, that they would support the movement.

## Deficits — And Their Interpretation

Now, gentlemen, before discussing my next few points, may I sincerely say that for the rank and file of the Canadian National employees — a number of whose friendship I value — I have the utmost confidence in them and their willingness to serve, but several weeks ago I was invited with one of your members to hear Mr. Fairweather, chief of Research and Development of the Canadian National Railways, address the Young Men's Canadian Club in Toronto.

I was most anxious to hear him, because he has been assuming positions of ever-increasing importance in the National Railways organization, and is now regarded fairly widely as the official spokesman or apologist of the System. During the past few years, I have been rather amazed, and have read with growing astonishment, various new so-called economic philosophies which he and other officials have been advancing to justify the staggering losses of the National System.

Mr. Fairweather advanced the proposition in Toronto — and I observe similarly in Saskatoon — that the Canadian National Railways is a great asset. No one is silly enough to dispute the asset value of the railway, but he goes on to argue that because it is a great asset helping Canadians in all parts of the country to produce wealth, the annual deficits are not deficits at all, if you please, but really only a small deduction from the net national income.

Mr. Hungerford, the President of the National Railways, expressed a similar thought when he appeared before the Senate Committee last year and argued that the National Railways do not exist to make a profit, but for the purpose of rendering a service to the public.

Strong exception must be taken to this viewpoint for two reasons: One would infer that the Canadian National System was the only railway which in the past or at the present time is contributing anything useful to the economic life of our country. I venture to suggest that the Canadian Pacific Railway, a privately owned company, has contributed just as much to our development, and at infinitely less cost to our country. This viewpoint of Canadian National officials should be objected to, and the belief certainly should not be permitted to exist among officials of the Government railway that they do not have to show satisfactory operating results, and that any deficiency in this respect will simply be forgotten by the country because they are now preening themselves as developers of our hinterlands.

If, as Mr. Fairweather argues, a $50,000,000 deficit is to be offset because of development work and so on, why does he not keep all the employees engaged and have a $100,000,000 deficit?

In the past, Mr. Fairweather has given as his considered opinion that the Canadian National deficits are not really serious in their effect on our national life. He claims that the deficits and failure to provide interest on their borrowings from the public are not serious, because, as he said, the credit of the Dominion could not be as high as it is if they were really serious. If Mr. Fairweather can secure a statement from our present Minister of Finance, or any of our Ex-Ministers, that they have not found the deficits of the Canadian National an intolerable burden to our national finance, I will gladly stop talking Unification. Gentlemen, such statements coming from a public servant are unmitigated gall — and it is high time someone expressed that opinion in public.

A year or so ago he expressed the belief that the road would pay at some time in the future — even though in the years of their peak traffic they were unable to provide a satisfactory operating ratio.

He has offered throughout the country explanations for the high debt of the railway, which are at complete variance with the facts. He considers it a satisfactory record for the railway to have paid its operating expenses EXCEPT INTEREST, although such a record would have meant bankruptcy for a private concern.

He has defended heavy capital expenditures, which were severely censured by the Royal Commission. He has even made the startling and incorrect statement that the Royal Commission findings were not derogatory to the Canadian National, and that any criticism of Canadian National extravagance was quite understandable because the Commission's report had the disadvantage of being prepared in the depth of the depression.

Now he is advancing the theory that these deficits are a necessary accompaniment to the services that the Canadian National is rendering to the country, although, as I have previously remarked, the privately owned competitor is doing the same for the country, and not costing us a cent.

I submit that the bringing forth of this novel argument — which is none other than a lame excuse for the failure of the Canadian National as a business enterprise — will quickly return us by its encouragement of extravagance on the part of every Canadian National employee to the same condition which necessitated the examination of the railways by the Duff Commission in 1931. The inference is also left with his hearers that the asset value which exists in the Canadian National Railways would cease to exist under a scheme of Unification. The fact is that the asset would remain, and become a valuable asset under proper management. I am amazed that the rank and file of Canadian National employees are as efficient as they are under the direction of such philosophy.

For twenty long years Canada has listened to railway addresses containing similar bursts of patriotic camouflage about the future, and has patiently waited for some relief from the tax burden she could ill afford to bear. For twenty years our country has patiently spoon-fed the Canadian National from the public exchequer, and listened to official announcements of future possibilities while the unsatisfactory conditions have remained and the Dominion of Canada has had to stamp its written guarantee on the backs of every newly issued Canadian National bond, which have been issued in ever-increasing number.

Why should a man occupying Mr. Fairweather's responsible position (and I repeatedly mention him because he is apparently the spokesman for the railway); why should he be guilty of perpetuating statements that unbiased students of the railway problem felt had been completely answered by the exhaustive reports of our Royal Commission, and then protest that he is not making controversial statements or that he wants to "keep the record straight" and admonishes us to view with scepticism any statements derogatory to the Canadian National.

I have not the least intention of attacking the Canadian National Railways. I am one of the owners of that System— and do not intend to cry down the value of my property. It is an asset — to me and to the country. It has, however, cost us too much, and I am most unwilling to admit that I have no right to say that.

I wish to draw a very clear distinction between the Canadian National Railway System and the present politically inspired method of managing it; between the System as a physical property, and its maintenance as an unnecessary extravagance.

The property is the asset. Anyone who suggests that we should not retain this is no ally of mine. Its independent operation at high cost is not an asset — it is a liability, and I object to the paid employees of the Canadian taxpayers being permitted to wander over the country denying this at the public expense.

Mr. Fairweather recommends scepticism — and so do I — concerning his arguments and the propriety of his using them.

Of course, should Mr. Fairweather continue to present his case in this fashion, taxpayers are justified in questioning his soundness of judgment, as well as his sincerity of purpose. And if Mr. Fairweather believes in his arguments, then I submit with every degree of seriousness that he is not competent to continue holding the position of head of the Department of Research and Development of the Canadian National Railways. As official spokesman for the Railway, and as an employee of a publicly owned and supported railway, his time could be far better occupied striving to increase the efficiency of the Railway rather than wasting the taxpayers' money in advancing special pleadings — the accuracy of which I am by no means convinced. And I make this statement in spite of his lengthy years of railway experience, which should be the basis for an infinitely sounder understanding of the railway problem than I can ever hope to have.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

P 999355

## Politics and the Canadian National Railways

We then come to the type of person who agrees that something must be done about our railway problem, but who shrugs his shoulders and says we can't do anything because of politics, but still insists that we can eliminate politics from the National Railways.

Gentlemen, how much longer will this farce of trying to eliminate politics from our National Railway be continued. I do not believe that there is a man of any responsibility in the community who believes that our National Railways will ever be operated free from politics. The Drayton-Acworth Report stressed again and again that politics should not be introduced into the operation of the railways. The Duff Commission Report repeats the necessity for the removal of the Canadian National Railways from politics, yet we have had two changes of management since their recommendations were brought in, and is there any one in this room who is foolish enough to believe that we should have a change of Government in the next one, or two, or three years, there would not be another change of directors?

Politics — and each party — and every citizen of Canada must take his responsibility for it and not try to blame someone else — has be-devilled this System not only from its inception, but in the days of the so-called private units which preceded the system. Incidentally, Mr. Fairweather's repeated pleas for sympathy, because of the National System having to take over private enterprises which had fallen by the wayside, are rather amusing in view of the fact that the Intercolonial and Transcontinental were Government undertakings, the Grand Trunk Pacific and Canadian Northern fairly reeked of political machinations and patronage, while even the Grand Trunk Railway became completely enmeshed in political intrigue — as witness the undertakings entered into on behalf of the National Transcontinental and the Grand Trunk Pacific.

Now, gentlemen, why should politics be the curse of this Government-owned railway? Why has our Royal Commission stressed its presence, and emphasized that it must be thrown out?

Let me read to you from the Drayton-Acworth Royal Commission Report of 1917 on Page LV — a report prepared by men very familiar with politics.

* * * *

### Railways Not a Proper Subject for Direct Parliamentary Control

"We have given expression to a strong view that the operation of the railways of the country by a department of the Executive Government directly responsible to Parliament would be against the interest of Canada. Lest it should appear that this view implies a reflection on the honesty and ability of ministers and members of Parliament, we desire to explain why we entertain it. Our reason is, not that Government by a Cabinet responsible to a popularly elected Parliament is a bad Government for the ordinary purposes of Government, but that it is not a form of Government suitable for the management of a railway undertaking. . . .

### Private Interests and Public Interest

"The railway touches the life of the country at innumerable points. It can almost make one city and unmake another. It vitally affects the question whether an industry in one place is more or less profitable than in another. Every city wants to become a railway centre, to have railway works located within its limits. And the local member invariably wants it too. Every citizen wants the railway station placed where it best suits his own personal convenience, and wants that every express train shall stop at it. He naturally strives to secure these benfits for himself, and his local member naturally desires to help him in their attainment. The individual citizen, the local member, cannot be expected to see the railway situation as a whole; to appreciate, for instance, that an express which stops at every man's local station ceases to be an express at all. Even if he does appreciate it — human nature being what it is — he will probably be quite content if, by bringing political pressure to bear, he can gain an advantage in which his neighbour at the next station does not participate. It is too much to expect of the average merchant, the average manufacturer, that if he finds that by pressure he can obtain for himself an exceptionally low rate, he will refrain from asking for it, because it gives him an unjustifiable advantage over a rival, or because he knows that the balance of net revenue must be made up by unreasonably higher rates paid by other people's traffic.

"It is only when the management is protected from the pressure of special interests that a railway can be managed in the interest of the public as a whole, that it can be expected that improvements and alterations will be made, even though they injuriously affect certain individuals, because they are justified by greater benefits to the people at large. To take one example. We are satisfied that there are many cases where, in the interest of economy, duplicate services should be abolished, and duplicate stations closed. Any such change must injure somebody. Supposing that it results in a saving of $1,000 a year to the taxpayer, while the injury can be measured by a loss of $25 a head to three or four people, clearly the change ought to be made. But if the three or four men can get their grievances voiced in Parliament, while the taxpayer is an abstract entity with no one to speak for him, probably the change will never be made. There is no need to multiply instances. We believe that the history of railways all over the world, where the management is directly under a minister responsible to a democratic Parliament, confirms our position that under such a system the public suffer because special interests obtain concessions at the expense of the community as a whole. It is for this reason that we have emphasized our recommendation that the management of the railways be entrusted to a body independent of politics."

* * * *

Is there anyone in this room who believes that politics and the Government railway will not go hand-in-hand in the future as they have in the past? If you do, then explain to me the completion of the white elephant terminal in Montreal at an additional cost of $12½ million to the taxpayers of Canada, when editors of daily newspapers right across Canada by an overwhelming majority give it as their opinion that the project should not be proceeded with.

Does the Government railway want it — and if they do, are they prepared to pay the interest on the investment? How can they? They are not paying interest on the hundreds and hundreds of millions of dollars of assets that they are now using.

Or are you prepared five or ten years from today to have an official railway apologist plead that the Canadian National Railways cannot be held responsible for its erection because it was, if you please, an unemployment project, etc., etc.?

Gentlemen, are we so lifeless or child-like that we are going to let the word "politics" in a democratic country deprive us of our solution to this problem? A week or so ago I listened to Mr. Floyd Chalmers, of the Financial Post, deliver a stirring address at the Rotary Club of Toronto concerning the problems of democracy in measuring up against the totalitarian powers, and in which he asked the question as to whether democracy means enough to us that we will work to make it work right here in our own country. He asked how far are we prepared to go in proving the superiority of the system of freedom and liberty. Mussolini has said that he is not afraid of the democracies because they are stupid.

Gentlemen, are you one of those who shrug their shoulders and say that the railway problem cannot be solved because of politics? If you are, then you must subscribe to Mussolini's indictment of our democracies as being a stupid form of Government.

If you don't, let us awaken ourselves to this problem, and possibly the Rotary Clubs and other service organizations may give to the country the leadership that it so badly needs at the present time. May I remind you of your service slogan, "He profits most who serves best"?

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119356

320 Bay Street, Toronto,
February 2, 1939.

Mr. George L. Harris,
Barrister,
16 McBeath Block,
Moncton, N. B.

Dear Sir:

I have your letter of 30th January.

You argue that the Senate Committee which sat most of last Session investigating the Railway question with a view to its solution should not be re-convened to complete their work this Session because to do so would lose the votes of C. N. R. employees for the Conservative Party.

I cannot pretend to be any better judge than anyone else as to what will gain or what will lose votes, but this I do know: that if the Senate of Canada determines its course by reference to this test, the next thing the Senate should do would be to petition the Crown for its dissolution. It can serve no worth while purpose in this country unless it determines its course absolutely from the standpoint of the Nation's interests. It was created so that it might perform that very function, and, as long as I am there, I am going to do the best I can to have it do its duty.

Even if we should decide our course with our eye on the ballot box--which we should not--I am by no means convinced that we will gain votes for the Conservative Party by ignoring the Railway problem. When the Government of Mackenzie King in 1923 dismissed Mr. Hanna and his very efficient and certainly non-partisan Board, and appointed Sir Henry Thornton and a thoroughly partisan Board, they took the first step to bedevil the whole Railway situation in Canada, and Sir Henry Thornton, at a cost of hundreds of millions of dollars to the people of this country, succeeded in making the Canadian National Railway personnel an appendage of the Liberal Party. I think it is very likely to continue as such appendage. Long

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119357



February 2, 1939.

Mr. George L. Harris,
Moncton, N. B.

before there was thought or suggestion of any simplification of our Railway structure or of change of any kind, that vote went overwhelmingly in every election in favour of the Party wh ch the personnel thought had favoured their interests.

Yours truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

OFFICE PHONE 1088
RESIDENCE 1814

119358

No. 1 McBEATH BLK.
MAIN STREET

GEORGE L. HARRIS
BARRISTER, SOLICITOR, NOTARY PUBLIC
MONCTON, N. B.
Canada

January 30, 1939.

The Right Honourable Arthur Meighen,
The Senate,
OTTAWA, Ontario.

Dear Sir:

The Railway Trainmen, living in this district, of whom there are many, were and still are much perturbed by the investigation carried on before a committee of The Senate last session on the railway question, and notwithstanding the anti-unification resolution passed at the recent Conservative Convention, they look with distrust on The Conservative Party which they fear, if returned to power the next election, would repeal the Act which now makes Unification or Amalgamation impossible.

If this matter is farther exploited in The Senate during the present session and Unification or Amalgamation supported by yourself and other Conservative Senators, the damaging effect upon the Conservative Party candidates at the next election, will be far-reaching as the Railway vote is a heavy one.

Railway Trainmen are well posted and are thinkers and they are embued with the idea that Saint James Street, the Vested Interests and the C.P.R. are working together to blast through and consumate Amalgamation with disasterous results to them and their families.

Did you ever estimate the vote of Railway men, their wives, sons, daughters, and their families over all Canada? The Railway men know their friends.

The only solution of the railway question is assisted immigration of Refugees from Europe to fill up the vacant spaces all over Canada, "an ordered plan of immigration," quoting from Mr. R. B. Bennett's speech at Saint John, N. B.

I commend for your perusal the pamphlet issued by The Canadian National Committee on Refugees and Victims of Political Persecution, 124 Wellington Street, Ottawa, Ontario, entitled, "Should Canada admit Refugees?"

The C.P.R., the British and Canadian Governments, and Jewish Associations should, and no doubt will, pay the cost of assisted immigration over a period of five years, or longer, if necessary.

If you prolong the work of this Senatorial Committee, you increase the strength of The Liberal Party all over Canada, and may set The Conservative Party back ten years or more.

Yours truly,

Geo L Harris

GLH

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119359

THE SENATE
CANADA

Sackville. N.B. Feb.10th. 1939

Rt.Hon.Arthur Meighen
The Senate.
Ottawa.

Dear Senator Meighen;-

Business will keep me in New Brunswick all next week,and I will not be in Ottawa until the 20th. inst.

I have an inquery on the Order Paper re C.N.Ry, I may want to make a few remarks when the answer comes down. I have,therefore,writtie Gerald White as whip,to have the matter stand until Tuesday the 20th. Should he not be in the House will you kindly arrange to have the answer stand.

Yours sincerely

FBB/R.

F. B. Black

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEMORANDUM

March 10, 1939

119360

Mr. Meighen:

Herewith copy of three communications which will doubtless be discussed in the meeting of the Special Railway Committee on Wednesday.

With reference to Mr. Peterson's assumption that his travelling expenses will be defrayed, my understanding is the Committee has no intention of authorizing such payments.

Hinds.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CO-OPERATIVE LEGISLATIVE COMMITTEE

STANDARD RAILWAY LABOUR ORGANIZATIONS

119361

506 Birks Building,
Ottawa, Ontario, March 9th, 1939.

Mr. Arthur Hinds,
Chief Clerk of Committees,
The Senate,
O T T A W A.

Dear Mr. Hinds:

I understand that the Special Committee of the Senate appointed during the last Session of Parliament to inquire into the railway situation has been re-appointed and will shortly commence holding public sittings.

We assume that in resuming the inquiry it is intended to review former submissions during last Session, which would include those of railway labour groups given a hearing by reason of their holding working agreements with the railways. Therefore, on behalf of the Legislative Committee representing the Standard Railway Labour Organizations, whose membership are composed of the major number of railway employees affected, we shall esteem it a favour if you will arrange an opportunity to make such further representations as may be warranted by developments.

Thanking you in advance, I remain

Respectfully yours,

Wm. L. Best,
Secretary,
Co-operative Legislative Committee.

WLB;L

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119362

THE FARM AND RANCH REVIEW

Office of the
President and
Publisher.

Calgary,

March 10th, 1939.

The Chief Clerk,
Senate Committees,
Parliament Bldgs.,
Ottawa, Ontario.

Dear Sir:

I am in receipt of your telegram of the 10th instant, reading as follows:

"Reference your letter seventeenth January to Right Honourable Senator Graham stop Senate Special Committee on railway situation will hear you Tuesday morning twenty first March instant at ten thirty Committee Room 262 Parliament Buildings Ottawa stop Please confirm by wire if you can appear as indicated".

To this I have sent the following reply:

"Your wire tenth stop Could appear at hour mentioned on twenty first if summoned".

Yours sincerely,

(Sgd) Charles W. Peterson

P.S. I assume my actual travelling expenses will be defrayed by the public? I have no personal interest in the matter.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119363

QUEEN'S UNIVERSITY
School of Commerce and Administration
Kingston, Canada

March 11, 1939

Arthur H. Hinds, Esq.,
Chief Clerk of Committees,
The Senate of Canada,
Ottawa, Ontario.

Dear Sir,- File No. 1468.

If it is not possible to change the date, I can appear on March 21st as suggested in your letter, but if it is possible to put me down for any date after April 7th it would be a very great favour indeed. The next three weeks is my peak load period here and I should like if at all possible to have my appearance before the Committee fall in April.

I am, sir,

Yours faithfully,

JLM/O. J.L. McDougall.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119364

J. S. McLEAN,
PRESIDENT

R. P. JELLETT,
CHAIRMAN

THE CANADIAN CHAMBER OF COMMERCE

W. FRANK PRENDERGAST,
HONORARY TREASURER

W. McL. CLARKE,
SECRETARY

The Board of Trade Building,
Montreal, 13th March, 1939.

The Right Honourable Arthur Meighen, P.C.,
The Senate,
Ottawa, Canada.

Dear Senator Meighen,

Referring to our interchange of correspondence during the month of January, may I say that the Executive of The Canadian Chamber of Commerce have noticed with satisfaction, at its meeting on 9th March, the re-appointment of the Special Railway Committee of the Senate. I was accordingly requested to refer to each member of the Committee the Chamber's considered policy on the Railway Problem, which was forwarded you earlier and which is again end osed for your convenience.

You will recall that this recommendation, looking toward the re-appointment of the ad hoc Senate Committee to study the railway question, received the imprimatur of the representative business men from our member Boards of Trade and Chambers of Commerce across Canada at our Annual Convention held in September, 1938.

Now that the Committee is re-empanelled, we are hopeful that it will be in the wisdom of the Senate Committee to appoint the body of experts to which specific reference is made in the Chamber's policy.

Yours very truly,

W. C. Clarke

Secretary.

C/W
Encl.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119365

Ottawa,
March 14, 1939.

Mr. J. F. MacMillan,
Chisholm Saw Mills, Ltd.,
Edmonton, Alta.

Dear Mr. MacMillan:

I have your letter of 11th, which I have read carefully, and as well the copy of letter to the Prime Minister which was enclosed.

In the main I am in agreement with what you say. However, there is one feature with which I am afraid I cannot agree and that is the suggestion in your letter to an Alberta M. P. that the country might take over the Canadian Pacific. This would produce unification all right, but I have seen so much of Government operation over so many years that I have become utterly discouraged on the subject, and would dread a united Government-operated Railway system in Canada more than I do even the present situation.

What you say as to the wage situation has very great point indeed. The primary producer pays for artificial wage levels, and while he thinks other things are causing his level of prices to be unduly raised against him, the real cause is our wage level. It would all be fine if the farmer could be artificially raised as well, but he cannot be.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119366




# CHISHOLM SAW MILLS, LIMITED

MANUFACTURERS

WESTERN CANADA WHITE SPRUCE GRADING-WESTERN PINE ASSOCIATION

Edmonton, Alta. March 11, 1939.

Senator Arthur Meighen,
The Senate,
OTTAWA, Ontario.

Dear Sir:

Re: Railway Problem

I enclose herewith copy of a letter I recently wrote the Prime Minister for your perusal. I note you are not in accord with Mr. Manion's policy. The trouble with all our politicians is that they place too much stress on the railway vote which, of course, is organized, and it looks as though the masses will have to organize against such tactics.

On February 9th last I wrote an Alberta M.P., as follows:

" With reference to the Toronto Globe & Mail editorial of the 4th instant, in which it states Mr. King is committed by a party platform to retain the Canadian National Railways as a publicly owned and publicly operated system, it seems to me the only honorable thing to do, both with the employees and the public, which have become very incensed since the public has listened to McCulloch on the air, would be to purchase the common stock of the Canadian Pacific Railway and pay them say double of the present stock market value, or what amount could be agreed upon, which would be indicative that the Government tried to be fair.

" Beatty would be the best man to be the Chairman of the Board as he is energetic and progressive and a good executive. Whilst Hungerford is a nice chap and good mechanic he is not an executive and lacks force to drive matters and allows his heads to dictate and run their departments and there is no co-operation between the different units. On account of our leaders playing too much politics it looks as though the general public is paying a terrific price for political cowardice and I venture to predict the time is coming quickly when the railroad vote will not offset the vote of the general public on this question.

" Assuming that the Government took over the Canadian Pacific Railway and there was a strike there are enough bumped railway employees throughout Canada who could run the railways temporarily in a pinch. The fact of the matter is the unions have been running the railways for some time and the executives have not had sufficient backing from our Governments to keep the employees in their places because all the different parties have been playing too much politics and the general public are beginning to get fed up and when the reaction sets in the railroad employees will not be able to control it and may get a much worse deal than they enjoy to-day. There is such a thing as riding a willing horse to death, which I claim our railway employees have done. "

I hope our Senators will not play too much politics and give more thought to economics and endeavor to improve the present railway situation and eliminate so many existing jealousies between the two railways' executives.

Yours truly,

J. F. MacMillan.

JFM/GW Encl.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119367

COPY

March 6, 1939.

Rt. Hon. W. L. Mackenzie King., P.C.,
PRIME MINISTER,
OTTAWA, Ontario.

Dear Mr. King: Re: Railway Problem

I notice by the press where the Hon. J.L.Ilsley, in a recent address before the Toronto Board of Trade, made the statement that many critics had accused the Government of failing to solve the railways problem but none had suggested increased railway rates or lower wages as a remedy so I am going to take the liberty of accepting that challenge and offer some suggestions.

One good reason for not offering the above suggestions as referred to by Mr. Ilsley is because the general public, from past experience, feel it is useless to offer such when they know the attitude of all political parties at Ottawa regarding labor unions and their votes. This railway situation has now developed into a serious and chaotic condition and to overcome same I would suggest that a questionaire with many questions thereon be submitted at the next Federal election and get the ideas of the masses and not individuals as there are a great many differences of opinions amongst the people. It would be advisable to get suggestions as to the questions to be submitted from the both railways, the Boards of Trade throughout Canada, and the general public, and then let your Minister of Railways bring forward his recommendations to your Government. This would relieve all political parties of much embarrassment from the railway unions and many other interests. Then if the people want co-operation, unification, or competitive systems let them choose and if they make a mistake let them pay for same by taxation or otherwise.

My suggestions are as follows:

1. Put your canals on a self-supporting basis from the time they were built because when the policy of free canals was adopted the railways were in a prosperous condition but owing to competition from these canals as well as the truck these conditions have changed. In those good old days a railway franchise was considered a valuable asset but to-day it is a liability so Governments have therefore got to change their policies with changed conditions, which, as you know from my previous correspondence with you, as a result of free canals and water competition, that the railroads are forced to chisel and reduce their rates and discriminate unreasonably against territories possessing no water outlets.

2. Subsidize both railroads covering unprofitable mileage, of which I understand there are about five thousand miles as submitted to the Railway Commission some years ago, on a basis that would be fair to both railways. The Canadian National Railways claim they were forced to take over a large number of lame ducks so this policy would eliminate that cry in future operations and put them on a competitive basis without so many alibis.

3. Cut out railways passes to everyone. In the case of the press let the railroads pay the press for their advertising or services. In the case of members of Parliaments they are entitled to free transportation but let their respective Governments pay for same under travelling and transportation costs. Why should the railways have to absorb this expense? As a matter of fact all members of parliaments are underpaid, taking into consideration their time and all the demands made on their purses. In the case of railway employees, as they are paid better than

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

019368



any other class of employees and protected with pensions, they are not entitled to this extra consideration, especially when the citizens of Canada are obliged to pay for same through extra taxation. It may have been excusable in the old days when the railroads were small but not now when railroads are large and engaged in all lines of business. Why should bell hops and domestics at hotels be entitled to these privileges, or in fact any employees?

4. After these adjustments are made and more revenue for the railroads is required, then both increase freight rates and reduce wages and place the railroads in a sound financial position.

5. My observation to-day is the Canadian National Railway is heavily subsidized by way of deficits which are paid for by the taxpayers of Canada and the Canadian Pacific Railways does not receige any subsidy under present conditions although very large taxpayers in Canada. I personally favour an amalgamation of the railways under some satisfactory form and under one management, and the elimination of a lot of unnecessary competition and overhead in telegraph, express, freight, and passenger services at many points. The Banks in Canada were forced to adopt this policy and why not the railways? While it may be true a lot of employees lost their former positions the Banks were, however, compelled to provide for them on a reduced basis in some manner and the railways will have to do likewise for a few years until the situation becomes adjusted.

6. Railways rates, if I remember correctly, were advanced 25% in 1918 and 20% in 1921 and the railway employees largely got the benefit of same. It strikes me our political friends in all parties place too much stress or confidence upon the strength of this railway vote because the proportion of that vote is less than 3% of the total vote of Canada. McAdoo of the United States during the period of the war, and who had at that time ambitions of becoming president of the United States and was playing politics and courting favour with the railway unions, is largely responsible for the present financial condition of all the railways in American to-day as a result of unwarranted wage increases and which our Canadian Government at that time was foolish enough to follow, even though to such an extent they were economically unsound.

7. Co-ordination and consolidation of transportation, if accomplished, offers only a partial solution to the problem. With the decrease in rail traffic and the use of improved transportation machinery labor must expect and should be forced to absorb some of the effects of changed transportation conditions. When a powerful competitive type of transportation, such as the truck and automobile, enters the field and will work with enthusiasm and energy at lower rates of wages and longer hours, there must be some concessions made by railroad labor and labor of older modes of transportation if they hope to remain in business, otherwise these older forms of transportation will be destroyed piecemeal by high costs regardless of the economic facts or the needs of the country.

These are merely suggestions to consider from a Western Prairie viewpoint.

Yours truly,

JFM/GW

J.F.MacMillan.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119369

O t t a w a,
March 15, 1939.

Mrs. T. G. Hodge,
713 Drummond Court Apts.,
Montreal, Que.

Dear Madam:

As requested in your recent letter, Mr. Meighen has directed me to send you the enclosed speech which he made on the Railway problem in 1936.

Yours very truly,

E. Private Secretary.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

from Mrs. T. G. Hodge

119370

713 Drummond Court Apts.
Montreal

Hon. A. Meighen
The Senate
Ottawa

Dear Senator Meighen -

Could you let me have a copy of your address on the "Railways" if it is in printed form and a copy is available.

Thank you so much (in advance)

With kindest regards
Sincerely yours
Elizabeth Hodge

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Telephone: LAncaster 9011

[ 19371 ]

# Canadian Brotherhood of Ships' Employees

*Affiliated with the Canadian Federation of Labour*

635 ST. PAUL STREET WEST
ROOM 37

MONTREAL, P.Q.

*Affiliated Groups:*
MERCANTILE MARINE OFFICERS' GUILD OF CANADA
CANADIAN BROTHERHOOD OF MARINE ENGINEERS
NATIONAL SEAMEN'S ASSOCIATION OF CANADA

51

March 16th, 1939.

Senator Meighan,
Senate Chambers,
House of Commons,
Ottawa, Ontario.

Honorable Sir,

For your information we are herewith enclosing copies of letters sent to Senators Murdock and Haig which effect this Brotherhood.

Yours truly,

CANADIAN BROTHERHOOD OF SHIPS' EMPLOYEES.

H.N. McMaster,

Governor.

HM:M

7

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119372

CANADIAN BROTHERHOOD OF SHIPS' EMPLOYEES

March 16th, 1939.

Senator James Murdock,
Senator Chambers,
House of Commons,
Ottawa, Ontario.

Honorable Sir,

Your statement as cited in press dispatch that the Canadian Federation of Labour as reported, "was founded on a shoe string and paid by those in favor of unification" is a statement of very far reaching effects, but it is refreshing to note that the Right Honorable Meighan has decided to hear the President of the C.F. of L., Allan Meikle, on the question.

In so far as it being founded on a shoe string, may I emphasize that many of Canada's most prominent men peddled newspapers and worked at meagre jobs in their beginning.

With regard to the support you mention, the same should be proven before a statement of this kind is made, for as being on the Executive Committee of the Canadian Federation of Labour, I am totally unaware that any such support exists.

Your other expression that, "they want to come here and raise ----", is again unwarranted. If you had the patriotic interests of Canada at heart, which I am sure your citations indicate that you have not, you would express your sentiments towards co-ordination of labour for the purpose of labour peace in Canada, as well as attempt some reasonable sane solution whereby our workers in the railways would not be treated as a preference or preferred labour class whose wages are in the highest brackets in the country and almost double that of the Canadian seafaring personnel.

It is along these lines that such outbursts that you have made actuates the public to rally to the various "isms" and such a movement as the "Leadership League" whereby the country at large may have a hope of relief.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Therefore it is clearly apparent that your sympathies are with foreign labour organizations who are now fast compiling a minority issue in Canada, and the time may not be far distant when the Canadian Government may have to deal with this labour issue in Canada under the control of a foreign power - which would involve just such a case as that of Hitler and Czecho-Slovakia.

Yours truly,

CANADIAN BROTHERHOOD OF SHIPS' EMPLOYEES.

H.N. McMaster,

Governor.

HM:M

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19374

CANADIAN BROTHERHOOD OF SHIPS' EMPLOYEES

March 16th, 1939.

Senator John T. Haig,
Senate Chambers,
House of Commons,
Ottawa, Ontario.

Honorable Sir,

As reported in the press that you state, "the Canadian Federation of Labour represents the radical or more red lement of workers", I charge that it is a malicious falsehood in which you should be called upon to prove.

As a member of the Executive Board of the Canadian Federation of Labour, and the Governor of the Canadian Brotherhood of Ships' Employees, on behalf of both of these organizations, I strenuously protest such language and challenge you to prove that there is one member of the Executive of the C.B.S.E. or its subordinated affiliates that is a member of the Communist Party, or has Communistic leanings in the slightest.

Your statement is a gross fabrication of misleading propaganda designed deliberately to harm and prejudice an all Canadian organization, and is a direct censor on patriotic Canadians for upholding Canadianism.

The Canadian Brotherhood of Ships' Employees has constantly fought the radical and red element throughout the Great Lakes district which is now overrun by foreign organizations under foreign control. I may state that the ports of St. John, Halifax, Montreal, Three Rivers, Toronto, Windsor, Sarnia, Port William and Port Arthur are definitely under the control of a foreign power, and this foreign power is making strenuous efforts to control Canadian trade and commerce within Canada's waterway system.

Such statements as you have made will do incalcuable damage to the cause of our all Canadian Brotherhood as well as seriously effect its membership growth.

Just why Senators and the present Government appear to be taking a definite stand to penalize Canadian organizations with patriotic Canadian intentions and policies is beyond our comprehension.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Even the Department of Labour in the recording of its statistics knowingly records a misrepresentation of the Canadian Federation of Labour membership, and I may say that the Department of Labour has consistently refused to treat on an equal basis the interests of the Canadian Brotherhood of Ships' Employees when it becomes involved with foreign labour organizations, and the past files of the Department of Labour will verify this.

If your statement had not been made by a public personage of prominence, I would have attributed it to a sailor coming off a long drunk who had some feud with his union.

I would therefore ask on behalf of the interests I represent and in British fair play that you retract this statement. But it would look to us that it is about time that the forces of the Canadian public should join up and consolidate once again to place Canada within the British Commonwealth of Nations.

Yours truly,

CANADIAN BROTHERHOOD OF SHIPS' EMPLOYEES.

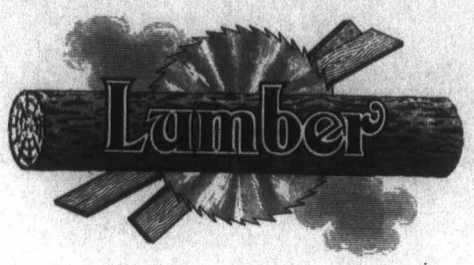
H.N. McMaster,
Governor.

HM:M

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19376




# CHISHOLM SAW MILLS, LIMITED

MANUFACTURERS

WESTERN CANADA WHITE SPRUCE GRADING-WESTERN PINE ASSOCIATION

Edmonton, Alta. March 18, 1939.

Hon. Senator Arthur Meighen,
The Senate,
OTTAWA, Ontario.

Dear Mr. Meighen:

Your letter of the 14th instant duly received and contents noted. In reply would say I quite agree with you that the Government-owned operations are very unsatisfactory and politics are too much of a factor for good results. However, I do not see how the Canadian Pacific Railway can take over the Canadian National Railway under present conditions and to reduce operating and overhead expenses some sort of consolidation is necessary.

I do think the Canadian Pacific Railway have a much superior management to that of our Canadian National Railways.

Yours truly,

JFM/GW

J.F.MacMillan.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 119377

Ottawa,
March 21, 1939.

Mr. H. N. McMaster,
Canadian Brotherhood of Ships' Employees,
625 St. Paul Street West,
Montreal, Que.

Dear Mr. McMaster:

I duly received your letter of 20th with enclosures, for which I thank you.

Yours very truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Telephone: LAncaster 9011

119378

# Canadian Brotherhood of Ships' Employees

*Affiliated with the Canadian Federation of Labour*

*Affiliated Groups:*
MERCANTILE MARINE OFFICERS' GUILD OF CANADA
CANADIAN BROTHERHOOD OF MARINE ENGINEERS
NATIONAL SEAMEN'S ASSOCIATION OF CANADA

635 ST. PAUL STREET WEST
ROOM 37
MONTREAL, P.Q.

March 20th, 1939.

Senator Meighan,
Senate Chambers,
House of Commons,
O t t a w a .

Right Honorable Sir,

As the leader of the Senate, we are forwarding to you additional correspondence on the incident of a statement made to the press by Senator Murdock. A copy of our previous letter sent to the Senator was forwarded to you under date of March 16th.

It is unfortunate that one has to be penalized for being a Patriotic Canadian, and it is also unfortunate that a Senator should use his position for public utterances of national importance without having first checked same as to their accuracy.

We think that an incident should be made with Senator Murdock for using such language, especially when it is untrue and unbecoming to a Senator of Canada.

Respectfully submitted,

Yours truly,

CANADIAN BROTHERHOOD OF SHIPS' EMPLOYEES.

H.N. McMaster.

Governor.

encl.

HM:M

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119379

March 18th, 1939.

Senator Murdock,
Senate Chambers,
House of Commons,
Ottawa, Ontario.

Honorable Sir,

I regret very much that your letter of March 17th in reply to mine of the 16th requires an answer.

In your second paragraph where you mention expulsion of the O.B.U. from the Canadian Federation of Labour, this is an internal matter of which at the present time I am not in a position to discuss.

However in your third paragraph where Mr. McLean advises that we made application to join that congress sometime ago on the solicitation of their representative, Mr. Joe Wall, who in his solicitation presented only meagre partial facts and did not discuss the real object or true facts concerned with the make up of their organization, and upon further information being submitted to us from various sources, and on the misrepresentation of the facts by Mr. Wall to us, we declined to accept their charter which was mailed to us, and received by us at Montreal, but, returned same to them without any delay. If Mr. McLean deliberately told you what is contained in your letter he is an unadulterated liar of the first degree and which we can prove by our files and our council as they never denied our application but actually issued their warrant to us as I have stated, and Mr. McLean, in making this statement, knows that he is a malicious liar and misrepresenting the facts. But, I am surprised at you repeating them without any further documentary evidence.

In following where you state that, "the Department of Labour says that I and my family are doing a very commendable work under the protection of the letterhead which you sent in securing for transit and unemployed seamen in Montreal getting them a bite to eat once in a while", I again state the the person who made this statement is a malicious liar of the first water and should have his head cracked for making it as they know in Ottawa from records we have submitted the make up of this Brotherhood.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

For your information the affiliated groups in this Brotherhood are the Canadian Brotherhood of Marine Engineers of which Mr. L.O. Lamoureux is the Chairman of the Board and is surrounded by a elected Board; the Mercantile Marine Officers' Guild of Canada, of which Captain A.C. Clarry is the Chairman of the Board with his elected Board; Captain Clarry is the Master of a Lake ship, and Mr. Lamoureux is a Chief Engineer of a Lake boat of another firm; In so much as the National Seamen's Association is concerned, in which we have in excess of four thousand members applications signed by Canadian Lake seamen and witnessed, the Chairman of the Board of which is Mr. F.G. Valiquette of the city of Montreal, and with him he is surrounded by a Board elected by the seamen. The Canadian Brotherhood of Ships' Employees as the administration group is composed of delegates only of these component parts. In all we have close to five thousand members and this organized movement has been in existence for the past ten years. So that if you call this my "family" it is a very large one and our records will support every item in this letter.

For your impertinent information I may say that the only one of my family or relatives in this odd five thousand is one daughter, whom I challenge any person to better for conscientious sincere loyalty to the cause and support of principles, and for your information this girl has worked many many months without one cent of salary.

With regard to giving the sailors a bite to eat once in a while, it is true that in the winter of 1935/36 we fed in excess our records show of thirty thousand meals to sailors who were absolutely and positively denied the subsistance of life from any other source and we figure we have had a pretty helpless government in looking after the wants of those destitute citizens. Since that time however due to the criticism levelled at us for feeding this odd thirty thousand meals, we have declined to feed anybody, or even pass out a dime, with the result that there is an increase in crime amongst the seamen and they now hibernate in jails and prisons and panhandle in Canada's large cities.

I wish to impress you, sir, that I know what I am talking about and for practical application to the problems of life in so far as our industry is concerned, I have had more than forty years experience and held the best position in Canada with marine transportation companies that Canada has had to offer, and one tenure of office was eighteen years with what I consider one of Canada's best marine firms at that time, and have never been spoon fed, but went through the rough and tumble of the sailing ships in all its grades to executive positions in steamship companies.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

No other marine organization in connection with seamen has managed to stand up against the criticism for the length of time we have and for your information may I say that the S.I.U. in Canada from the U.S. is conducted by the Communist party and under the control of radicals whom we threw out of our organization and during 1938 it was proven our action was justified as they formed strong arm squads who kidnapped crews and put through a policy of education amongst the sailors to incite revolt and create mutiny in many cases, and Mr. Senator, I may tell you that if there is not more co-operation amongst the head of governments to deal with the situation as it now exists with the C.I.O. and A.F.L. grabbing at each other throats on the Atlantic and Pacific coasts, and the C.I.O. spending in excess of twenty-five thousands dollars a month to get control of the Lakes, that you will have our whole Canadian mercantile marine under the heel of a foreign power before this season is over, and Canadian marine matters will be dealt with and settled by the National Labor Relations Board under the Wagner Act of the United States.

Frankly speaking I don't like the tone of your letter and I would challenge you, or your informers, to prove any of the statements I have taken exception to.

Further this Brotherhood holds contracts with what we consider the best and most reputable steamship companies in Canada to-day and these contracts are being administered from the labour side by the executive board of this Brotherhood, which has obtained the highest wage scale paid to Canadian seamen on the Great Lakes with the best conditions of employment.

If I was talking to you personally I could tell you a lot more than I can put on paper. But I may add that the Department of Labour in its present set up is of no assistance whatsoever to inspire patriotic nationalism in the ranks of labour, but flies immediately to the assistance of any foreign organization at their sqawk who make an appeal.

Yours truly,

CANADIAN BROTHERHOOD OF SHIPS'
EMPLOYEES.

H.N. McMaster.

Governor.

HM:M

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

- C O P Y -

119382

THE SENATE

Canada.

Ottawa, March 17th, 1939.

Mr. H.N. McMaster,
Govern, Canadian Brotherhood
of Ships Employees,
Room 37,
635 St. Paul Street, West,
Montreal, Quebec.

Dear Mr. McMaster,

I received your very interesting letter of March 16th, which I have carefully noted. Mou are quite correct in stating that many of Canad's most prominent citizens peddled newspapers, and worked at meagre jobs in their beginning, and you might be interested in knowing that, from April 18th, until September of 1890, I worked in a ballast pit on the C.P.R., west of London, with a shovel, one of four men to a car, loading gravel on freight cars, and then from September 15th, 1890, until June, 1902, I was a freight brakeman on the Canadian Pacific, and I think the records will show that I worked steadier at that job than any other brakeman on the Division, so that I know a little about the jobs of which you speak.

This morning we have an interesting announcement over the radio, to the effect that Mr. Burford has expelled or suspended the O.B.U. from membership in the Canadian Federation of Labour, and of course the first thought occurs to me, is how Mr. Alan Meikle, President of the C.F. of L. will appear before our Committee on Tuesday next when the organization, the O.B.U., to which he belongs, has been suspended or expelled. I presume that he will get around this in some way.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COPY -

On receipt of your letter I undertook to ascertain the status of your Brotherhood, and was advised by Mr. McLean of the Canadian Congress that you made application to join that Congress some time ago, and that, because your Brotherhood did not represent any members, your application was denied. I also enquired from the Labour Department, and learned that you and your family are doing very commendable work under the protection of the letterhead which you send me, in securing help for the transient and unemployed seamen in Montreal, getting them a bite to eat once in awhile. If the information given is correct, as I assume it is, your heart must be in the right place, but you can get a very nice little bet from the undersigned that concrete and definite figures will not disprove the statements to which you so nicely take exception. I particularly noted the concluding paragraph of your letter, and have wondered if the views you express do not fairly well indicate one of the troubles of the world today, whereby human beings, men of common cause and interest, working men, have been and are being agitated to conspire against, and oppose others in equal positions, just becuase of some real or imaginary boundry line, that gives an opportunity to start what, in many cases, is merely a personal interest, selfish argument, or point of view.

I noticed that your letter did not express any view on the question of railway unification, and I presume this is for the reason that ship employees would hold that they would get just as much business whether the Railways were unffied or divided.

I appreciate receiving the views which were contained in your letter, and wish you well in your efforts to relieve the hunger of the unfortunate seamen who gather in Montreal.

Yours truly,

(signed) JAMES MURDOCK.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119384

March 20th, 1939.

Honorable N. Rogers,
Minister of Labour,
Ottawa, Ontario.

Honorable Sir,

I wish to draw your attention to a press dispatch in connection with the Canadian Federation of Labour and the Canadian Brotherhood of Ships' Employees as released by Senator Murdock in which he states that the C.F. of L. was "founded on a shoe string and paid for those in favor of railway unification", and wherein we were accused of being the red element.

I took the matter up with Senator Murdock and the point I have at issue is that in his reply to me he states that he "enquired from the Department of Labour and learned that you (referring to myself) and your family are doing a very commendable work under the protection of the letterhead which you sent me in securing help for transient and unemployed seamen in Montreal, getting them a bite to eat once in a while". Senator Murdock further goes on in his letter to say he assumes this information is true.

You will understand that the implication of this statement as released by your Department to Senator Murdock carries the clear presumption that I am conducting an organization on fraud and misrepresentation , and that the party who released this information from your Department considers that we have nothing here but a letterhead and a flop house for giving the seamen a bite now and again.

In addition to all the other incidents concerning the activities of your Department which clearly carry with them destructive propaganda not only against the C.F. of L., but also the C.B.S.E., and while your Department is constantly requesting detailed information for this, that, and other things from us, in the name of common sense why would your Department want any information of any kind from us when they are giving out such statements as this that consider we are nonexistent as an organization and only operating under a letterhead.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

If it is true that your Department has taken into its employ a person who was convicted of perjury, it only adds to this sort of propaganda which tends to destroy patriotic nationalism by those who would sponsor it in Canada. It further places a penalty on Canadian citizens who do sponsor Canadian nationalism to the extent of being loyal Canadian citizens under the Crown.

Under these circumstances it would seem to us that your Department is due for an investigation. We realize that Senator Murdock is the product of American unions and may be somewhat prejudiced as well, but with my constant contacts with your Department over a period of years and the recorded facts as filed with your Department citing Contracts as between this Organization and ships owners, should at least have fair play and at least give a correct interpretation in accordance with your records without prejudicing any Canadian interests.

Yours very truly,

CANADIAN BROTHERHOOD OF SHIPS' EMPLOYEES.

Governor.

HM:M

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Co-Operative Legislative Committee
Standard Railway Labour Organizations

12386

#1

506 Birks Building,
Ottawa, Ontario, March 23rd, 1939.

To the Chairman and the Members of the
Special Railway Committee of the Senate
inquiring into the Railway Situation.

Honourable Gentlemen:

The Members of the Co-Operative Legislative Committee of the Standard Railway Labour Organizations have observed with more than passing interest the submission made to your Committee on the 21st instant by Professor J. L. MacDougall of Queen's University, bearing on the wages and wage structure of railway labour. In view of the fact that many of the statements contained in that submission will, inevitably, convey to your Committee an erroneous and misleading impression regarding the subject, we hope you will agree that in all fairness to the thousands of railway employees and the communities supported by them, an opportunity should be accorded their representatives to prepare and submit an appropriate reply.

As intimated in our brief Supplementary Memorandum on the 21st instant, we have undertaken the preperation of some statistics directly bearing on wages and increased productivity of railway employees, and although the data is not quite complete, we believe it is of vital importance and of considerable value that you have our further submission on the subject introduced by Professor MacDougall, before your conclusions are reached.

Respectfully yours,

Wm. L. Best,
Secretary,
Co-Operative Legislative Committee.

WLB:L

COPY

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Return in Five Days

WM. L. BEST
506 BIRKS BUILDING
107 Sparks Street
OTTAWA, - ONTARIO

119387

OTTAWA
19
MR 25
39
CANADA
FREE

Right Hon. Senator Arthur Meighen, K.C., P.C.,
The Senate,
Ottawa, Ontario.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

From Judge Emerson Coatsworth

119388

March 27th, 1939.

Hon. C. P. Beaubien,
Rt. Hon. George P. Graham,
Joint Cahirmen,
Special Committee of the Senate
Inquiring into the Railway Condition,
Ottawa, Canada.

Honourable Senators:

In view of the desire expressed by Senator Murdock to have your Committee investigate the Citizens' Group for Railway Action, I am writing you, in my capacity as President of the Group, to give a frank explanation of the origin and objectives of this organization, and such other information as seems pertinent and not in violation of the confidence placed in us by a number of private citizens of Canada. We note also from the proceedings of March 15th that your Committee is prepared to receive brief memoranda from interested persons or organizations.

- If it meets with your approval, it is our request that you have this letter placed on record, especially in view of continued insinuations by one member of your committee that our Group is in some way connected with or supported by the Canadian Pacific Railway or other organizations actively promoting the cause of railway unification.

In the first place, I wish to state that the Citizens' Group is independent in every sense of the word. It is definitely not supported by the Canadian Pacific and so far as I can discern from a careful scanning of the list of members, there are no members who are or who ever have been known as prominent shareholders in the Canadian Pacific Railway Company. Certainly no director, officer or employee of the Citizens' Group is working in any interest except the interest of the Canadian taxpayer.

We also wish to point out that the Citizens' Group for Railway Action has not advocated unification or any other specific solution of the problem. The organizers of the Group felt that the first objective should be the arousing of the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119389

public, to the "extremely serious railway condition and the financial burden consequent thereto." It also was felt that it would be presumptuous for a small organization to make recommendations in the name of the people of Canada to your body or to any other authorities, at least until the membership became large enough to justify a claim that it was truly representative of a least a cross-section of the public in all sections of Canada and all walks of life. For the time being, therefore, we are interested only in helping in the widest dissemination of the facts, and the interesting of the greatest possible number of people in the problem.

It is contemplated that, at some later date, the Group may by a majority vote of its members approve some specific plan for solution, or support and endeavour to win support for, some plan already made public. In short, we feel that if all people had given the study to the problem which your honourable committee has done, it would not be long before the general public, setting aside partisan considerations, would demand the adoption of a plan to solve the problem.

The idea for the organization of the Citizens' Group for Railway Action originated, to the best of my knowledge, with Mr. William M. Bean, treasurer and associate editor of the Waterloo (Ont.) semi-weekly "Chronicle", a publication of very high standing in its field.

This was in July last, following the prorogation of parliament and the rising of your committee, when it seemed to Mr. Bean and others that the railway question was being obscured, by a feeling on the part of the public that it was merely an argument between two sets of railway officers holding opposing views. As Mr. Bean's idea evolved, it seemed best that the organization's independence should be made evident by barring from membership every person who might, because of interest in his employment, have views one way or the other on the question. We did not think of barring shareholders of the private company, but, if practicable, it perhaps would have been better if we had done so. Our membership would have been one less, at least, for presumably the member of the Montreal Stock Exchange, who joined for five years, is normally a shareholder on clients' account if not his own.

Unfortunately our Group had barely completed its provisional organization before it was discovered that some opponents of reform were not above resorting to intimidation against those who might be vulnerable in a business way. It speedily became evident that, for instance, a merchant who numbered among his customers employees of the government railway could expect, if he joined our Group openly, to be subjected to threats of

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

 119390

loss of business if not the actual loss of business. For this reason certain persons have supported our work on condition that their names be not made public.

We have at this writing 463 paid members representative of every province and city, not including 25 or 30 individuals who have contributed anonymously. We contend and rightly, we believe, that the financial affairs of the Group are of concern only to its members since we have refrained from making commitments beyond our immediate means. For the protection of members, our books are kept accurately and are audited by a chartered accountant. While, as I have said, we do not believe that the financial affairs of the Group are matters of public concern, I may say that the president and directors receive no remuneration for their services. Salaries and fees are paid only for essential office and field work and are not at all commensurate with the amount of work done.

Aside from public meetings addressed by representatives of the Group, our principal activity has been the publication of "Railway Facts", of which fourteen issues have been mailed, including the first on September 12th, 1938. It is the purpose of Railway Facts to help keep the railway problem in the public eye and it has been the constant endeavour of its editors to be accurate in every respect. Any errors that have crept in have been unintentional, and corrected at the first opportunity. We have invited Senator Murdock to cite specific instances of inaccuracies, but, although he has replied to our letter, he has not as yet cited any one instance where we have been wrong.

We believe that it is perfectly within our right to disseminate such information to the public as we see fit, having regard to the law of libel and any other restrictions dictated by good sense and the post office regulations applying to this class of mail matter. It is also, in our opinion, a healthy sign in a democracy that, despite the attempts at intimidation referred to above, there are in this country a Group of citizens willing to lend their names and otherwise support an effort which is designed, wisely or not, to help solve a public problem which has been in need of solving for so many years, and which has not been solved because of the uncompromising opposition of a minority group.

Since the Group has not yet adopted a specific platform for the solution of the railway problem, it is not suggesting that it be heard by your committee, the aims of which are parallel to its own. At the same time if honourable senators feel that it can contribute at the present anything constructive to the evidence, officers of the group are ready at any time to answer questions which the committee might

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[illegible] 119391



wish to put.

Meanwhile I am enclosing a copy of the constitution and other relevant material. Any further facts will be readily supplied subject only to the one condition mentioned above.

We are, Honourable Sirs,

CITIZENS' GROUP FOR RAILWAY ACTION.

EC/HL. President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119392

# C O N S T I T U T I O N

## NAME

1. The name of the organization shall be Citizens' Group for Railway Action.

## OBJECTS

2. The Objects of the C.G.R.A. shall be:

(a) To promote, in all parts of Canada, the study of Canada's serious railway problem, with a view to finding a solution that will relieve Canadian taxpayers of the financial burden imposed upon them through uneconomic railway operation.

(b) On the basis of careful study of the railway problem, to make constructive recommendations for its solution to the Dominion Government and to the chief executives of the Canadian National and Canadian Pacific Railways.

## MEMBERSHIP

3. Membership in the C.G.R.A. shall be open to all Canadian citizens with the exception of directors, officers or employees of any Canadian railway. For the purpose of this section, the term, "Canadian citizens", shall include Canadian incorporated organizations; and each of the latter shall have the right to name a person by whom its incorporated organization may be represented at meetings.

4. There shall be three classes of membership, namely: Active, Associate and Sustaining.

5. Annual membership dues shall be as follows:

| | | |
|---|---|---|
| (a) Active Members | ----- $ | 5.00 |
| (b) Associate " | | 1.00 |
| (c) Sustaining " | | 100.00 or more. |

## MEMBERSHIP PRIVILEGES

6. Active and Sustaining Members shall be entitled to hold office in C.G.R.A. when elected thereto, to vote at all meetings and to serve on committees.

7. Associate Members shall not be entitled to vote except on questions of policy with regard to any proposed solution or solutions of the railway problem and shall not be entitled to hold office in C.G.R.A., but shall be eligible for appointment or election to committees and in meetings of committees on which they serve shall be entitled to vote.

## OFFICERS

8. Officers of the C.G.R.A. shall be one or more Honorary Presidents, a President, one or more Vice-Presidents and a Secretary-Treasurer.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119393

9. The President and the senior Vice-President shall be elected by majority vote of the Active and Sustaining Members, and the Honorary Presidents and the other Vice-Presidents shall be elected by the Board of Directors.

10. The Secretary-Treasurer shall be appointed by the Board of Directors.

## DIRECTORS

11. The Board of Directors shall consist of the President, the Vice-Presidents and six Directors elected by majority vote of Active and Sustaining Members, present in person or by proxy at the adjourned organization meeting when this constitution is adopted. During the twelve months immediately following the adoption of this Constitution, the Board of Directors shall have power to elect other Directors up to a maximum of twelve in number, exclusive of the President and Vice-Presidents, to hold office until the Annual Meeting. Thereafter the Board of Directors shall consist of the President, the Vice-Presidents and a maximum of eighteen directors, exclusive of the said officers, elected by majority vote of the Active and Sustaining Members.

## DUTIES OF OFFICERS

12. The duties of the President shall be to preside at all general meetings of the C.G.R.A. and at all meetings of the Board of Directors. He shall also be an ex-officio member of all committees.

13. The duties of the senior Vice-President shall be to assume the duties of the President in his absence. He shall also be an ex-officio member of all committees.

14. The duties of the Secretary-Treasurer shall be to attend all meetings of the C.G.R.A. and of the Board of Directors and to keep records thereof: to carry out organization work under direction of the Board; to conduct correspondence on behalf of C.G.R.A.; to make necessary expenditures, as authorized by the Board, and, in general, to perform all other duties normally associated with this type of office.

## REMUNERATION OF OFFICERS

15. The President and the Vice-Presidents shall serve without remuneration, but shall be entitled to reimbursement for expenses incurred on behalf of the C.G.R.A.

16. The Secretary-Treasurer's remuneration for his services shall be fixed by the Board of Directors.

## DUTIES OF BOARD OF DIRECTORS.

17. The Board of Directors shall be responsible for all organization work and activities of the C.G.R.A. The Board shall appoint such committees as may seem necessary to further the purposes of C.G.R.A. and may assign special duties to these committees and to the Secretary-Treasurer. The Board may engage paid assistants for the carrying out of work in behalf of the C.G.R.A., or may authorize the employment of such assistants by the Secretary-Treasurer.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119394

## COMMITTEES

18. There shall be a Finance Committee, consisting of the President, the senior Vice-President, two other directors and the Secretary-Treasurer, whose duties shall be to direct the financial details of organization and administration of C.G.R.A., and to make recommendations to the Board on the financing of the activities of C.G.R.A.

19. The Board shall have power to appoint, either from its own members or from the Active, Sustaining and Associate Members of the C.G.R.A., such other committees as may seem desirable for furthering the objects of C.G.R.A.

## VOTING

20. Voting on matters requiring the vote of members of C.G.R.A. may take place at general meetings duly called by notice sent to Active and Sustaining Members two weeks before the date of such meetings, or may be conducted by ballots mailed to Active and Sustaining Members and returnable to the Secretary-Treasurer by a fixed date not later than two weeks after the mailing of such ballots.

## MEETINGS

21. During the life of this organization the annual general meeting of the Group shall be held in the month of September each year at the call of the Board of Directors. Notices calling the annual meeting shall be mailed to the active and sustaining members not less than two weeks prior to date of meeting.

22. A general meeting of the Group may be called at any time by the Board of Directors on two weeks' notice by mail to the active and sustaining members. A general meeting shall be called upon the written request of any ten active and sustaining members, within three weeks of the receipt of such request by the President.

23. Meetings of the Board of Directors shall be at the call of the President; or upon written request of a majority of members of the Board of Directors, the President shall call a meeting in accordance with the terms of the written request. Notice of regular Board meetings shall be mailed to the officers and directors ten days prior to date of meeting, but special meetings may be convened on shorter notice and under such circumstances the decisions of a special meeting shall be subject to ratification by a subsequent regular meeting of the Board.

## QUORUM

24. A quorum of all meetings of the Board of Directors shall be four directors, including two officers.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119395

## NOMINATIONS

25. The names of active and sustaining members in good standing shall be placed in nomination for election to office or directorship at the annual general meeting, and for purposes of organization at the adjourned organization meeting presently convened when this constitution is adopted, or subsequently held after due notice to the members. The elections shall be held immediately upon receipt of nominations, and at the same meeting. The notice calling the annual general meeting shall contain an invitation to the members to place in nomination the name or names of any active or sustaining member, or members, accompanied by the written consent of the nominee, or nominees.

## AUDITOR

26. An auditor shall be appointed by the active and sustaining members in attendance at the adjourned organization meeting following the adoption of this constitution, and an auditor shall subsequently be appointed each year at the annual general meeting. It shall be the duty of the auditor to audit all the books and records of the C.G.R.A., and to prepare an annual financial statement which shall be mailed to all active and sustaining members along with the notice calling the annual general meeting. The auditor shall be remunerated for his services at the discretion of the Board of Directors.

## AMENDMENTS TO CONSTITUTION

27. The Constitution may be amended at an Annual Meeting, or at a general meeting specially called for such purpose, or by a vote of members by mailed ballot as set forth in Article 20.

28. Active and Sustaining Members shall be notified of proposed amendments to the Constitution at least two weeks in advance of the date at which the amendments are to be voted upon.

29. Amendments to the Constitution, to be valid, shall be supported by the votes of at least two-thirds of the Active and Sustaining Members voting on such amendments.

---

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

JUDGE EMERSON COATSWORTH
President

W. F. GREENFIELD
General Field Secretary

119396

DALTON J. LITTLE,
Secretary-Treasurer

Telephone: EL. 3953

# CITIZENS' GROUP FOR RAILWAY ACTION

611 Temple Building,
TORONTO 2, ONTARIO

March 27, 1939.

Rt. Hon. Arthur Meighen,
Senate of Canada,
Ottawa, Ont.

Dear Mr. Meighen:

I am instructed to forward to you the enclosed copy of a letter our President, His Honour Judge Emerson Coatsworth, has written to the Joint Chairmen of The Special Committee of The Senate Inquiring Into The Railway Condition,-- this copy for your personal information.

I have received the copies of proceedings of the Special Committee held last session, and copies of proceedings to date this session. Many thanks for your good offices in this regard.

I remain,

Yours very truly,

CITIZENS' GROUP FOR RAILWAY ACTION

Walton J. Little
Secretary-Treasurer.

DJL:HL
Encl.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

JUDGE EMERSON COATSWORTH
President

W. F. GREENFIELD
General Field Secretary

DALTON J. LITTLE,
Secretary-Treasurer
Telephone: EL. 3953

D.1 9397

# CITIZENS' GROUP FOR RAILWAY ACTION

611 Temple Building,
TORONTO 2, ONTARIO

March 27th, 1939.

Rt. Hon. Arthur Meighen,
The Senate,
Ottawa.

Dear Senator Meighen:

In connection with the discussion of Mr. Joseph Corbett's proposals for solution of the railway problem in the Senate Committee on March 21, I have today written to Senator Hugessen, giving him an explanation of the summary of Mr. Corbett's proposals published in the March 13 issue of "Railway Facts."

For your information, I enclose copies of my letter to Senator Hugessen and of Mr. Corbett's letter referred to therein.

Yours very truly,

CITIZENS' GROUP FOR RAILWAY ACTION.

Secretary-Treasurer.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119398

March 27th, 1939.

Hon. A. K. Hugessen,
The Senate,
Ottawa, Ont.

Dear Senator Hugessen:

In reading the report of the proceedings of the Special Senate Committee on the Railway Problem for March 21, I observe (page 62 and following pages) that there was considerable discussion as to whether Mr. Joseph Corbett had advocated repudiation of the railway debt as a solution of the problem. As "Railway Facts", published by the Citizens' Group for Railway Action, was brought into the discussion, may I take this opportunity of explaining the basis of the item in which Mr. Corbett's proposals were summarized?

Mr. Corbett's letter to the Windsor Star, which you read into the record, was, as appears from the first paragraph, a reply to a letter of mine in which I had criticised an earlier letter of his. This earlier letter of Mr. Corbett's, signed by him as General Chairman, Brotherhood of Railway Carmen of America, C.N.R. System, was also published in the Windsor Star of December 24, 1938, and in numerous other Canadian newspapers.

I enclose a copy of this earlier letter of Mr. Corbett's, and you will perhaps agree that the proposals which he numbers (1) and (2) are tantamount to advocating repudiation of the railway debt through inflation of the Canadian currency. If you will read this letter in conjunction with Mr. Corbett's second letter, I believe you will find that "Railway Facts" was justified in assuming that repudiation of the C.N.R. debt is one of Mr. Corbett's proposals.

Yours very truly,

CITIZENS' GROUP FOR RAILWAY ACTION.

Secretary-Treasurer.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

## SOLUTION OF THE RAILWAY PROBLEM

119399

It has been stated in certain newspapers that "if a railway worker does not like unification or is afraid of it, the only criticism he ought to offer is to propose a substitute."

This is a fair challenge which the writer desires to take up and here is a logical and practical solution:

1. Apply Abraham Lincoln's Monetary Policy as follows:

"Money is the creature of law and the creation of the original issue of money should be maintained as an exclusive monopoly of National Government.

"Money possesses no value to the State other than given to it by circulation.

"Capital has its proper place and is entitled to every protection. The wages of men should be recognized in the structure of and in the social order as more important than the wages of money.

"No duty is more imperative on the Government than the duty it owes the people to furnish them with a sound and uniform currency, and of regulating the circulation of the medium of exchange so that labor will be protected from a vicious currency, and commerce will be facilitated by cheap and safe exchanges.

"That available supply of gold and silver being wholly inadequate to permit the issuance of coins of intrinsic value or paper currency convertible into coin in the volume required to serve the needs of the people, some other basis for the issue of currency must be developed to prevent undue fluctuations in the value of paper currency or any other substitute for money of intrinsic value that may come into use.

"The monetary needs of increasing numbers of people advancing toward higher standards of living can and should be met by the Government. Such needs can be served by the issue of national currency and credit through the operation of a national banking system. The circulation of a medium of exchange issued and backed by the Government can be properly regulated and redundancy of issue avoided by withdrawing from circulation such amounts as may be necessary by taxation, redeposit, and otherwise. Government has the power to regulate the currency and credit of the nation.

"Government should stand behind its currency and credit and the bank deposits of the nation. No individual should suffer a loss of money through depreciation or inflation or bank bankruptcy.

"Government possessing the power to create and issue currency and credit as money and enjoying the right to withdraw both currency and credit from circulation by taxation and otherwise, need not and should not borrow capital at interest as the means of financing governmental work and public enterprise. The government should create issue, and circulate all the currency and credit needed to satisfy the spending power of the government and the buying power of consumers. The privilege of creating and issuing money is not only the supreme prerogative of government, but it is the government's greatest creative opportunity.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119400

"By the adoption of these principles, the long-felt want for a uniform medium will be satisfied. The taxpayers will be saved immense sums in interest, discounts and exchanges. The financing of all public enterprise, the maintenance of stable government and ordered progress, and the conduct of the Treasury will become matters of practical administration. The people can and will be furnished with a currency as safe as their own government. Money will cease to be master and become the servant of humanity. Democracy will rise superior to the money power."

2. The Government, through the Bank of Canada, to recall all C.N.R. bonds giving the bond holders credit in the Bank of Canada for the face value of their bonds. The security for the bank credit to be durable wealth represented by the railway property - the same security as at present for the bonds. The C.N.R. operating surplus to be used to cancel the capital investment.

3. Revise certain freight rates upward (at least equal to those in the United States) to meet the changed condition caused by trucks hauling the best paying commodities over the highways and leaving unprofitable freight for the railways.

4. Require trucks and busses to pay for the use of public highways and City streets on the basis recommended to the Ontario Government, Feb. 21, 1938, by the Railway Association of Canada.

5. Regulate bus and truck traffic on the same basis as Railways.

6. Require ship owners to pay in full for the use of inland waterways, Canals, etc.

7. Enforce a maximum eight hour day and six day week in all forms of transportation competing with railways.

8. The Government to compensate railways for the sections operated at a loss to give necessary service to the public, in the interests of Canada as a whole.

(Signed) Jos. Corbett,

General Chairman B.R.C. of A.
C.N.R. System.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THE SENATE
CANADA

119401

Ottawa, March 27th, 1939.

Right Honourable Arthur Meighen, P.C., K.C.,
The Senate,
Ottawa.

Dear Mr. Meighen:-

re - A.R.Mosher.

You will remember that Mosher in his evidence was strong against amalgamation. In the June, 1934, issue of the "Canadian Unionist" at page 3, Mosher has an article called "Canada's Transportation Problem." It is too long to copy but paragraph 6 contains one of his conclusions, as per attached.

If you would like to see the original article. I have it.

Yours truly,

John T. Haig.

encl.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119402

Excerpt from an article entitled "Canada's Transportation Problem by A. R. Mosher, President of the Canadian Brotherhood of Railway Employees," printed in the June 1934 number of "The Canadian Unionist"

(6) That the national interest will be best served by consolidating the C.N.R. and C.P.R. under public auspices, and that the obligation to be assumed on account of Canadian Pacific common stocks should be the rate of dividend United States railways are legally allowed to earn, or the average of the dividend paid over the whole period of the present business cycle, for the reason that, while over half the C.P.R. common stock, and probably a greater proportion of its securities, is held by non-residents of Canada, the value of C.P.R. properties has accrued largely from gifts of Canadian money, lands, and mines, and through the general agricultural development arising from the labour of the Canadian people.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

H 5

THE SENATE
CANADA

119403

Ottawa, March 27th, 1939.

Right Honourable Arthur Meighen, P.C., K.C.,
The Senate,
Ottawa.

Dear Mr. Meighen:-

I enclose you copy of five Addresses made over the radio by the Winnipeg Railway Men. These addresses, they claim, are paid for by the Standard International Railway Unions (Winnipeg and District) but if you glance through them you will see that they are a straight fight against any change in the present railway setup.

I have sufficient copies for each member of the Committee but I have been debating whether to send it to them or not. You will remember that Meikle suggested that a lot of propaganda went on in Western Canada and this is one of the things he referred to.

Yours truly,

encl.

John T. Haig.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.19404

Announcer: Tonight you are to hear the fifth in a series of discussions between Mr. John Citizen and Mr. Railwayman on the Canadian Railway Problem. This series of broadcasts are sponsored and conducted by the Winnipeg and District Educational Committee of the Standard International Railway Unions.

John: Last week, when we left the studio, I got to thinking over our last discussion about the value of our C.N.R. to the people of Canada. Prior to our talks, the deficit to the taxpayer seemed to me the only thing of importance. After our second talk I was convinced that it is of the least importance, because actually as you have proven, the taxpayer ultimately is the winner, I would like to discuss the subject a little further if I may. Can you give me a few examples of what the citizens like myself, can look forward to, from a continuation of the present policy of operation.

Rail Man: Your question, John, opens up a very wide field for discussion. Let me make a little picture of my idea of a national industry. The C.N.R. is an example of nationalized industry. I think I am perfectly safe in saying that it is the largest single, nationalized industry which exists under democratic form of government.

John: But Mr. Railwayman, I and many other citizens may not believe in nationalized industry, what value is that to me as a taxpayer?

Rail Man: Don't be impatient, John, I am coming to that. One special feature of the C.N.R. is that the form of its administration is that of a private industry. The citizens of this country are its shareholders, its stock is held in trust by the Minister of Finance for the People. The board of Directors is appointed by the Government, and each year reports to the shareholders through Parliament. Nowhere in any other country does this particular form of organization exist.

John : But private industry revolves around the profit incentive, in fact, industry exists for no other purpose, and if profits ceases the justification for the continued existence of that particular industry is questioned and usually bankruptcy results, so what is your point?

Rail Man: Does this fact not appeal to you, John, that the emphasis placed upon profits stimulates the management to carry on economically to keep abreast of the times and to watch each dollar spent so that we can expect more than a dollar in return. In my opinion to be equal of a private industry and keep before the management the objective of business profits as far as possible, is a very good thing.

John: I agree with you there, Mr. Railman, but don't you think that treating the C.N.R. as a private industry leads to a misunderstanding of the activities of the C.N.R and Subjects the management to undeserved criticism?

.... 2

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119405



Mr. Railwayman: Yes, but don't you understand, John, that it was the bankruptcy of private railway industry that brought the C.N.R. into existence? We must realize that the failure of these railways must not interfere with the continued servicing of our provinces and communities with the necessary transportation.

John: That is a very good point, and you have convinced me that it justifies itself as a national industry; but how about the profit motive you speak of.

Mr. Rail Man: It was necessary to continue railway transportation when the profit incentive, under private ownership had broken down. The management knew that in order to justify its existence, it had to make a practical application, much broader than the profits to a few private shareholders. Namely, the development of our great Canadian nation and its natural resources. This in my opinion, is one of the best examples I can give you of wealth that can be shared by Canadian citizens, if the management is left alone to continue its present policy free from unjust criticism and sabotage.

John: Sabotage? Did you say? I was not aware that it had anything to do with the railway deficit, you must have reasons for speaking of it. What are they?

Rail Man: To answer your question, John, I must digress a little, but your curiosity leads me to believe, that it is of sufficient importance to do so, and to tell you what has been in the minds of all railway workers and not a few other citizens, too; but has never been voiced very much until this evening, when I sat down to read my evening newspaper. May I wuote Mr. Ralph Maybank, Liberal M.P. "During the five years that the Honorary R. J. Manion was Minister of Railway and Canals, the C.N.R. was systematically sabotaged."

John: Yes, I read that too; but that is no proof of guilt. Why are the railway employees so convinced of its truthfulness?

Rail Man : John, the railway employees have ways and means through the officers of their organizations of acquiring information which affects their welfare.

John: Very true. I begin to see now the great dangers there are involved in such a monoply. But let us return to our former discussion. You were speaking of our natural resources and their development. I realize of course, that transportation is essential to the development of any country; more especially to such a young country as Canada. But can you point to a specific case where the building of a line justified itself even if profits were not tobbe realized for a time.

Rail Man: I certainly can, John, I will refer to one quite near home to you in Western Canada, one that should give every Westerner a good idea, of what the railways do to develop national wealth. You have heard of the line which was constructed to develop the Flin Flon and Sherrit Gordon mining areas. These mineral deposits were eighty miles from a railway. It cost $9,000,000 to construct and I know that commerically, it is not paying expenses, but I do know that the development of this mining territory, has resulted in an annual production of $25,000,000 and that the capital wealth created by it is estimated at $60,000,000.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 19406



John: You certainly have demonstrated that the profits and loss sheet is no safe criterian by which to judge the existence of the C.N.R. as an enterprise or the efficiency with which it is administered. But how shall it be judged? How can its accounts, which are kept in the form of private enterprise be made comparable with private industry?

Railwayman: I want you to give my answer serious thought, John, because an honest perusal of the present financial set-up of the Canadian National must make you fully aware that something is wrong with it. The present management is not responsible for the deficit, and should not be charged with it. Sooner or later, it must be written down so that the Canadian people who own this great railway, can be given a true picture of its real financial standing.

John: Excuse me, did I understand you to say the the C.N.R. didn't create this deficit?

Railwayman: That is true. It came with the railways which were bankrupted through private ownership. Critisism is always directed at the deficit; but the deficit does not arise from the operation of the C.N.R. as a private enterprise, but from a trusteeship set up in the form of private enterprise which no such enterprise could undertake at a profit. The best proof I can give you is, that private enterprise tried it and failed. The deficit consists solely of interest upon capital. We have made a very fine showing, John, in spite of all this unjust criticism and we feel justly proud when we can tell the citizens of Canada, that the C.N.R has always paid its operating expenses from revenues.

John: Thanks for that information. I can now discuss it intelligently with my friends, who like me, are very much in need of enlightenment on our railway problem. But what of my questions. You have digressed somewhat. What do you suggest in lieu of the present financial set-up.

Rail Man: I am sorry, John, that deficit has been pushed before us so much that it refused to be pushed aside. However, here is one suggestion, I would classify the lines of the C.N.R. into two groups, those which conform in volume of traffic with traffic with private industry, and those which fall into the sub-strata of pioneering and development routes, and too credit the system as a bonus. The deficit, including interest on capital, which is incurred in furnishing transportation to the pioneering fringe. If this were done, the bonus would appear as a charge on the C.N.R. and a profit and loss statement of the railway could then be fairly set up, comparable with private industry. This suggestion of course would present some difficulties but its application would at least give you a gauge with which you could compare its efficiency with other enterprises.

John: Yes I can see one obvious objection to such a proposal. It would be very difficult to determine with any degree of accuracy, what the bonus should amount to, because it would fluctuate widely, depending on the volume of traffic. Is it possible to make your suggestion workable?

..... 4

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119407

Rail Man As I have said, you must have a gauge by which to make comparisons with other enterprises. Canada is a country of vast distances, and needs the cheapest possible railway transportation and we must therefore examine the performance of the C.N.R. to see whether there is any means of reducing, costs, consonant with its justification as a national public utility. Profit and loss statements being utterly useless for the purpose, I invite you to turn to the detail of operating results, into which the expenses of performing transportation may be resolved.

John: But will not this require a skilled analysis and a precise knowledge of the task to be performed especially as to what amounts of non-profitable services should be rendered in the national interest.

Rail Man: In my judgement, when considerations are given to the special problems of the C.N.R. the people of Canada get full value for every dollar spent and I do not know of any railway of comparable size, which has a higher operating efficiency. Do not therefore be mislead by profit and loss accounts which do not and cannot tell you the whole story. Canada needs her railways and without them she could not be the wealthy and important nation that she is.

John: You seem to have a logical answer to all my questions. Here is another I would like to have explained. Criticism has been directed at the high cost of operation, where does Canada rank in comparison to other countries?

Rail Man: If a man should attempt to list railways in other countries in order of cheapness you would find that Canada stands at the top of all nations in having the lowest cost per ton mile and in setting up this figure I am talking of the economic or all inclusive cost of railway transport. This condition is a challenge to those who are always expressing dissatisfaction with transportation conditions. If we in this country, faced with difficulties no other country has, and with such a low density of population per mile, can show a record such as October last, in which period in response to a moderate increase in traffic, the C.N.R. system showed net earnings of $4,650,000, we have achieved something which other nations under much more favorable circumstances, have failed to do.

John: Yes, that month was certainly a very good record and I can only express the hope that conditions will continue to improve. Now, I see our time is getting short. As these little talks are becoming more interesting each time we meet, may I suggest to our radio audience the subject under discussion, is your railway. The information imparted in these talks is given sincerely and truthfully. On your response depends the future of your railway, till we meet next week, good night and thank you.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119408

ANNOUNCER: Tonight you are to hear the fourth in a series of discussions between Mr. John Citizen and Mr. Railwayman on the Canadian Railway Problem. This series of broadcasts are sponsored and conducted by the Winnipeg and District Educational Committee of the Standard International Railway Unions.

John: Mr. Railwayman, if you would not mind, I would like to venture into a little different phase of our subject tonight. You referred in a former discussion to the method through which the Government acquired a number of more or less bankrupt railroad properties, which had practically fallen down as private profit making concerns, and the Government, having become entangled to some extent through the guarantee of securities etc., the acquisition of the properties was not altogether a matter of choice. In general terms, the case submitted to the Senate Committee by Mr. Beatty conveyed theimpression that an unwise venture of the State into the railway field has produced the greatest danger to the future of the nation by the creation of the C.N.R. What do you think about the venture?

RAIL MAN: Well, John, I have my doubts about the wisdom of the Government of that day either allowing itself to have assured responsibilities for securities in excess of the actual worth of the properties, or of being a little too easy with the former owners in driving a bargain. I have no doubt that the Government was either forced by circumstances, or just a little too willing to relieve the former owners who had bitten off more than they could swallow. Be that as it may, it is nothing more than an indication of the criticism and attack which must be expected from the opponents of a State Owned Enterprise, for one to say that the creation of the C.N.R. as a state owned and controlled public utility is a danger to Canada, much less the greatest danger, to the future of the nation. Those who hold and express such views are very conveniently overlooking the great measure of public service performed by the C.N.R. System in the development of Canada and in furnishing railway transportation to communities to which, as parts of this Dominion, they are entitled but which it is impossible to provide on a paying basis judged by railway profits.

John: You mean to say that there are parts of the System that are operated without profit, or even at a loss, but that is ... an obligation of the State to develop and open new territory and provide the people with service. I think that is a logical argument. After all, we never hear any complaint about the extension of highways into new territory; we even hear persistent demands for new roads and the development of waterways, and air services, all of which as you have already stated, created annual deficits far in excess of what the State is called upon to meet in connection with its railways. Yet I do not recall ever having heard Mr. Beatty refer to the heavy Highway and Waterway deficits as endangering the future of Canada.

RAIL MAN: The history of the formation of the C.N.R. is that public service demanded the continued operation of roads which found it impossible to continue operations on a profit basis. The public service need for service existed, and still exists, and the only instrumentality of providing that service was the lines of railway now incorporated into the C.N. System. If, as was the case, it proved impossible to operate these lines under private ownership at a profit and if they render a needed public service, it would be illogical to expect that there should not be some measure of financial encumbrance as a result of their continued operation in the public interest.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

John: You would say then, I take it that it was unwise for the Government to take over these lines, even while knowing that they would not return a direct profit, in order to assure their continued operation in the public, interest?

RAIL MAN: Yes, The wisdom of the formation of the C.N.R. cannot be judged solely from its financial results. There is a sounder justification for the operation of the property than rail profits. That justification is found in public service. Judged from that point of view, the C.N.R. far from being a danger to the national existence has aided in a large degree, and is continuing to aid, in the development of the country. Amounts by which the property falls short of earning interest on its bonded indebtedness are more than offset by these features.

John: I do not think what you say in that regard can be questioned. But, it is possible that you are overlooking the possibilities of the same measure of public service being continued under the plan of Unification advocated by Mr. Beatty.

RAIL MAN: Mr. Beatty has recently been trying to "soft pedal" on the matter of line abondonments. The reason no doubt being that from the time of the hearings of the Royal Commission in 1932 up until it was dragged into the open by the Senate Committee in May 1938 the question of abandonment of lines was kept a closely guarded secret, and when it did become public knowledge after the Senate Committee brought it out, it raised such a storm of public protest that it brought the Unification Plan to a sudden stop. However, let us not forget that in advancing arguments in favor of unification before the Royal Commission in 1932, the Canadian Pacific placed line abandonments as the important initial step and stated that "the first task of the Committee was to determine what tracks it was considered could be abandoned if the properties were operated as a unit", and again, "We are confident that unification would permit an abandonment in excess of 5,000 miles", and yet again, "We put that (5,000 miles) as a minimum and not the maximum." It should be clear to you now, John, that I was not overlooking the possibility of the same measure of public service being continued under unification. You could not abandon 5,000 miles of lines, and particularly when you know that the unprofitable lines would be the first to be abandoned - and still have the same measure of public service. But let me go a little further. I have used line abandonments because it is only in line abandonments that there has been a complete disclosure of the programmes contemplated in unification. It is to be regretted that the C.P. has not given the details of the proposed curtailment of services, and what shops, terminals, division points, roundhouses, stations, etc., it is proposed to abandon. The extent to which public service, or public interest would be adverseley affected may be gauged by this reluctance to give the details of just what is contemplated in the unification plan.

John: Has there been no intimation given as to what other facilities in addition to lines were to be discarded?

RAIL MAN: Nothing specific. Mr. Beatty estimates the necessary saving in labor costs at from 15% to 17%. Mr. R. A. Pyne, Supt. of Motive Power and Car equipment of the Canadian Pacific Western lines has stated before the Senate Committee after considerable jockeying to evade the pressure of a number of rather inquisitive Senators that of the five Western Main Shops, namely Ft. Rouge, Transcona, Weston, Calgary and Vancouver, that three of them could be eliminated. When asked to suggest the three that could be dispensed with, he said: "There is a political atmosphere that might make it impossible for me to go home, if I made a suggestion like that". The frank statements by the C.P.R. officers that

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119410

to divulge such information would impair relationships with the communities affected, should be quite sufficient evidence that the general statement contained in the brief presented to the Senate Committee, that the quality and quantity of transportation service in no part of the country would be seriously impaired is incorrect.

John: I can only admit that you have made out a good case, and it is difficult to see where the present standard of public service and protection of the public interest could be continued under unification. Railway savings purchased at the expense of the development of Canada and of a wide disturbance in the already disturbed labor and material markets of the country would be too dearly obtained. The country instead of being better off would be worse off. Yet it is only to the extent that a programme of drastic reduction in expenses could be achieved that the country would be warranted in inviting the perils of monopoly and of the great difficulties which I forsee in the type of management of the joint enterprise which is now proposed. Monoply does not make for efficiency when the motive is profit rather than service.

RAIL MAN: You touched on an important point then, John, when you mentioned the difficulties which you foresaw in the type of management in such an enterprise. I do not know what type of management is contemplated, but it certainly requires some extraordinary type of Management to manage the type of partnership contemplated. A partnership between such diverse interests as public and private ownership is liable to produce no end of unforseen problems which might concievably involve the state to an extent never contemplated in the original partnership contract. There would be bound to arise a conflict between the public on one hand and private interes on the other. Public interest is properly and primarly concerned with the use of the railway property for purposes of national development and national policy, private interests are primarly concerned with profits and dividends. A Joint Board of Directors representing such diverse interests would, in my opinion, quickly get into difficulties and, since the scrambled properties could not be unscrambled, the State could only break the stalemate which would result either by acquiring the C.P. property, or by making some concession in the form of guarantees or otherwise. The present proposal for unification has neither the merits of public or of private ownership and is impractical if for no other reason, because of the diversity of interests of the proposed partnership, and would concievably lead to serious involvement of the State.

John: One of the arguments against continuing these two diverse interests as separate entities is that it is unfair for a private enterprise paying a heavy burden of taxation, part of which goes to meet the so-called deficit of the other, to compete with a public owned enterprise which is free from taxation. My point is that while admitting that they might not be very congenial partners, neither are they properly suited as competitors.

RAIL MAN: That is just another of the many misconceptions regarding our railway situation, The fact is that the C.N.R. has much fewer exemptions from taxation than the C.P.R. In direct and indirect taxation it pays about twice as much in taxes as the C.P.R. I have noticed in an address made by Mr. Fairweather before the Rotary Club in Moncton, N.B. he makes a comparison of the taxes of the two properties. Mr. Fairweather was at that time Director of the Bureau of Economics for the C.N.R. Unfortunately, the period for which these taxes were compiled is not stated, but here are the figures.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119410

| | | |
|---|---|---|
| Direct Railway taxation | C.N.R.- $5,200,000 | C.P.R.- $4,100,000 |
| Estimated indirect taxation | C.N.R.-$16,000,000 | C.P.R.-$10,000,000 |
| Total - - - - - - - - - - - | C.N.R.-$21,200,000 | C.P.R.-$14,100,000 |

What he refers to as indirect taxation includes sales tax and excise tax and the secondary distribution of the general tax burden.

John: How does it come that there is so much difference in the Direct Railway tax between the two properties?

RAIL MAN: I am not an authority on taxation, but I presume there is a considerable difference in the value of the properties, and in addition to that, the C.P.R. through agreements secured in its pioneering days has been the beneficiary of a great man legal exemptions from taxation. But here is just one more very important public service that is usually lost sigh of and should be credited to the C.N.R.
From the onset of the depression in the fall of 1929 until about the middle of 1930 the C.N. pursued a policy of maintaining at work on the property all of the staff for which legitimate employment could be found, rather than taking the drastic step of wholesale dismissal, closing down of shops, etc. This policy was publicly announced and supported in Parliament. Such a policy, pursued at a time of falling traffic while naturally affecting the 1930 labor costs on the C.N.R. There is no doubt that it cushioned the onslaught of the depression, not only through the employment that it provided, but through the effect of the good example to industry in general. The value of such an example as a means of averting a panic at such a time is beyond estimation in dollars and cents.

John: I hope that our radio audience have got as much enlightment out of this little discussion as I have. But now our time is up again and until next week at the same time we say goodnight.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Announcer: Tonight yoh are going to hear the third in a series of discussions between Mr. John Citizen & Mr. Railwayman on the Canadian Railway problem. This series of broadcasts are sponsored and conducted by the Winnipeg and District Educational Committee of the Standard International Railway Unions.

John. In our former discussions you touched briefly upon the financial structure of the Canadian Railways, but we did not go very far into that feature. It seems to me that, basically, the railway problem is a financial one and that were it not for financial difficulties there would be no call for Amalgamation. We have been led to believe that the C. N. R. has an annual deficit. We have been led to believe that it is Sir Edward Beatty's concern for the national interests that has prompted him to advocate a merger of the two main railways, fearing that the C. N. R. annual deficit will eventually impair the credit of Canada. Has the C. N. R. an actual deficit each year?

R. M. I think I showed you in a former discussion that from 1923 to 1927 inclusive the C. N. R. made and handed to the Government an average of $24,090,000 each year, or a total of $361,346,000. This amount represents an excess of operating revenue over operating expenses. In other words, it represents the profit earned by the operation of the C. N. R. and turned over as interest on the capital invested. Suppose that a man has $100,000 invested in a business and that the revenues from his business are enough to pay his wage bill, the cost of all materials used, and to maintain his factory in good useable condition paying all taxes and public charges, and has left $2,000 a year. Would you say that his business had yielded him a $2,000 profit on a $100,000 investment, or would you say that it should have earned $6,000 instead of $2,000 and therefore the business had lost him $4,000?

John: I would say that his investment had made him a profit of $2,000 and whm you put it in that light I would say that from 1923 to 1927 inclusive, the C. N. R. has made a profit of a yearly average of over $24,000,000. But there must be some reason for people saying that there is an annual deficit.

R. M.: Yes there are many reasons. Referring to it as a deficit helps to discredit public ownership. Calling it a deficit tends to arouse the public to the desirability of getting rid of it, and helps those who are anxious to grab off the property and eliminate competition. However, the fact that the interest being earned on the investment capital is less than the interest that is annually charged to it. The term may be more or less applicable regardless of the fact that both the amount of capital investment and the rate of interest is out of all proportion to the physical value of the property, or the rate for which money can be secured in the present market. You can see from the illustration that I have given you of the $100,000 business that the profits made only amounted to 2% on the stated value of the business. But tsuppose the owner had foolishly guaranteed to himself or someone else, 6%, he would have to find another $4,000 or 4% somewhere, and might contend that his year's operations had resulted in a $4,000 deficit. The logical thing then would be for him to decide that his business was capitalized too high, or that his guaranteed interest rate was too high, or perhaps both. No business is worth more than its earning capacity.

John: That explains it quite clearly, and I agree with you that if a business will not earn a fair return on the estimated value, then the business must be over-estimated. Is that possible in the case of the C. N. R.?

R. M.: Well inasmuch as no one can contend that the C. N. R. is not efficiently and economically managed, and when we take into consideration the method through which it was acquired by the Government. I believe this is more than likely the case. But instead of whittling it down to something like its real value, the tendency is to increase it by adding to it from year to year the amount by which the profits were short of

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119413

paying the unreasonable sum charged against it. To make this point a little more clear let us use again the example of the man with the $100,000 business. The business earns him a net profit of $2,000 or 2% but it had been estimated that it should earn $6,000 or 6%, and therefore the imaginary deficit of $4,000 or 4% is added to the $100,000 capitalization, and it is estimated the following year that the business must earn 6%, on $104,000. This goes on for a period of years and you will see that in a relatively short time the business which in point of fact was making a small return on the invested capital would be shown as a hopeless proposition. The fact of the matter is, John, that the C.N.R. is a real asset to Canada, and all it requires is a little common sense reorganization of its financial structure, instead of continuing to hamstring it as those who have a strangle hold upon it seem to be doing.

John. I have heard a lot of reckless statements about financial manipulation, but I have never had a concrete example shown to me before, I must admit that you have made it very plain. I am inclined to agree with what you said a moment ago about the purpose of the imposition of an impossible burden being to discredit public ownership and to scare people into parting with their railroad by making what is in reality a real asset appear as a White Elephant. Now another thing that I do not quite understand is that back in 1926 Mr. Beatty delivered an address in Montreal in which he was very emphatic in his opposition to Amalgamation. He said that he thought a merger of these two principal properties would involve difficulties of administration which were scarcely comtemplated and which would in time affect the whole character of the service given to the public that he did not know how it would be possible with the best Executive, the most loyal and efficient officers, and the wisest and most patriotic board of directors, for an enterprise with one hundred to one hundred and fifty thousand employees to be maintained in the highest state of efficiency without the spur of competition. It would be extremely difficult, he said, to maintain a high morale, and that "on-his-toes" attitude of railway employees when they have nothing to measure their efforts against and that so far as they are concerned the struggle for results is taken away because there is no one else in the ring. That was twelve years ago, but it is quite apparent that some time between then and now Mr. Beatty has totally reversed his opinion. How do you account for the Change?

Rail M. John, I am not one of those individuals who condemn a man for changing his mind. The ability to alter his opinion is one of the admirable qualities of Mr. Beatty. If some of our prominent statesmen were only blessed with this quality and could get away from this "always-and-always-will-be" there would be some hope for economic recovery in this country. I do not profess to know definitely what caused Mr. Beatty to reverse his position in this instance, but knowing that Mr. Beatty is a very efficient and very persistent servant of "Big Business" and that the accepted ethical code of "Big Business" is "profits, interest and dividends for us, let the little fellow take care of himself" I would have no hesitation in making a guess that this has something to do with it. Over a long period of years, extending back to 1893 in the case of preference stock, and back to 1911 in the case of ordinary stock, a dividend of 4% on preference stock and 10% on ordinary stock has been unfailingly well paid. Even in 1930, when the depression was well under way, the amount paid in dividends was the greatest in the history of the C. P. R. In 1931 the dividend on preference stock was continued as usual and that on ordinary stock amounted to 6¼%. And again in 1932 the amount appropriated from revenues for dividends on preference stock amounted to a half-yearly dividend on that stock. Then over a long period of years the Company has been building up a surplus out of premium on capital stock sold until at the end of 1935 that surplus out of premium

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1944

stood at $66,712,887. Now you will note according to these figures that the stockholders had a little goldmine which only started to show signs of petering out in 1931 and got weaker in 1932. The fact that Mr. Beatty changed his mind with regard to the advantages of "spur of competition" just about the same time as this little gold-mine showed signs of diminishing, seems to me to have some significance, and is no doubt one of the congributing factors to the change.

John. That seems to be a pretty fair explanation. A few years depression made a lot of us change our minds about many things, and I would not condemn Mr. Beatty for doing so under the circumstances. If only our Governments would change their minds away from the theory that such problems as unemployment would automatically adjust itself we might get something done about it. But now to take up another feature. What do you think of Mr. Beatty's argument that the C.N.R. has a bottomless purse in the shape of the Federal Treasury, while the C.P.R. has to rely on its own resources?

Rail M. That would be amusing were it not for the fact that there are those who swallow it, hook, line and sinker. One would think that the C.P.R. had never dipped into the public treasury. There is this difference, however, every cent ever taken out of the public treasury for the C.N.R. has been charged up to the huge expenditure upon which it is now demanded that it earn the interest. No consideration has been given to the fact that is is a public asset, and like the C.P.R. was part of the government undertaking as a means of bringing about Confederation and developing and binding the Provinces together, While large doles have been handed out to the C.P.R. as public grants recognizing the governments responsibilities in fulfilling its Confederation promises. I think I can explain what I mean by quoting from the report of the Duff Commission. Listen to this: Quote: The promise of railway construction formed an integral part not only of the Confederation arrangement of 1867, but also of the terms upon which Prince Edward Island and British Columbia later entered the Dominion. The obligation to the Maritime provinces was discharged by building entirely at public cost, the intercolonial Railway from Halifax, N. S. to the St.Lawrence at Rivière du Loup, by the construction of the Prince Edward Island Railway, and the provision of a ferry between that Island and the Main land. The agreement to connect British Columbia with Eastern Canada by a railway from the Pacific Ocean was fulfilled by the building of the C.P.R. Failing to interest private capital in this project the Government undertook the work as a public enterprise. Later a syndicate, which afterward developed into the C.P.R. Co., entered into an arrangement with the Government to construct this transcontinental line in 10 years, from 1880 to 1890. The agreement provided that the country subsidize the company by a gift of twenty-five-million dollars, twenty five million acres of land, and of the railway lines already constructed with public monies, at a cost exceeding thirty seven millions of dollars. End of quote.

John. Do you mean to say that $25,000,000 in cash, $37,000,000 worth of railway construction, and twenty five million acres of land were all a free gift?

Rail Man. That is exactly what it was as an inducement to the Company to proceed. When the line was completed in five years instead of ten, the company was given a little more help by a guarantee of security to the extent of $15,000,000, but the Company paid this security when it matured.

John: What would be the value of the land, per acre?

Rail Man. That would be difficult to say, except that it would be worth more after the railway was constructed than it was before, but we get some idea of its value in the fact that inside of five years from the time the grant was made the Government bought back six million seven-hundred and ninety-three acres of it for which they paid the Company well over $10,000,000.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119405

John. It seems to me, after hearing this that it ill-behooves the C.P.R. to make too many references to the use of the public treasury by the C.N.R. However, our time seems to be about up again and I must say that I have enjoyed our little discussion and hope that it has been enlightening to our radio audience.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

ANNOUNCER: Tonight you are to hear the second in a series of discussions between Mr. John Citizen & Mr. Railway man on the Canadian RailWay problem. This series of broadcasts is sponsored and conducted by the Winnipeg & District Educational Committee of the Standard International Railway Unions.

John: Mr. Railwayman, when we last discussed the Railway problem you appeared to know all the answers, but there is one statement you made that I wo uld like a little further enlightment on. When referring to Mr. Beatty's suggestion that unification of the two railways could be put into operation and the estimated staff reduction of 15 to 17% affected without anyone being taken out of the railway service, except those leaving through the normal process of retirements, deaths, etc., thus making the entire reduction in this way spread over a five year period during which no new employees would be engaged, you said that the proposal might sound logical, but to experienced railroaders it was not practical. Now, I admit that it might not be a desirable proposition for the reason that it would close another potential avenue of employment for the youth of the nation for a period of five years, and at the same time it would automatically increase the average age of railroad workers by five years. But the fact that a thing is not desirable from the national standpoint does not necessarily make it impracticable.

RAIL MAN: A good question, John. And I observe from your remarks that you have been doing a little exploration of the problem on your own. I am glad of this because the only real danger of unification of our railways being effected, is a lack of interest on the part of the people of Canada, and if we had more of them trying to get a peep beneath the surface of the problem, as you appear to have been doing, the danger would be minimized.

John: I thank you for the compliment, but you have not answered my question as to the impracticability of Mr. Beatty's suggested method of making a 17% staff reduction without injury to any employee.

Rail Man: I was coming to that. When I say that it is one of those theories that has no practical application, I mean just this: When you reduce the amount of work to be performed, or the operations to be made in an industry like a railroad, by 17%, you cannot in practice defer the saving in labor costs to a future date.

John: Could you illustrate the point you have just made?

Mr. Railman: Yes, a train might consist of only a few cars, or it might consist of one hundred or even more. Regardless of its length or its tonnage, it is manned by a crew of five men: Engineer, fireman, conductor and two brakemen. Under unification, many trains, both freight and passenger, would be consolidated and no doubt on many of the lines certain trains, if not all trains, would be abandoned. Taking our cue from Mr. Beatty's estimated labor saving of 17%, it is safe to say that the same volume of traffic would be handled with 17% fewer trains, and consequently 17% fewer train crews. Incidentally this would mean 17% less spending power spent in the community by the Engine and Train crews, and 17% diverted from the community to investors in London and New York. But this is aside from the question for the moment. Now in railroad practice, there may be any number of engine and trainmen on the staff. Senior men on the staff have regular employment, but as you come further down the list you find employment becoming more and more intermittent with the junior men getting only periodical employment. Being on the staff does not give them employment unless there are trains to be moved. Therefore, reduce the number of trains by 17% and you automatically reduce the employment of train crews and enginemen by 17% regardless of the fact that these 17% may still be on the staff.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119417



Consequently, the 17% saving in labor costs of moving trains becomes an immediate saving to the railroad, and an immediate loss to the junior train and engine staff. The saving cannot be deffered for three to five.

John: You have made out a good case and I can see how unworkable the plan would be in its application to train and engine crews, but there are a great many employees in other departments, the big repair shops for instance.

Rail Man: Well, take the repair shops, and the same might well apply to all other departments. Any institution operated for profit, cannot afford to purchase any more man-hours of labor than is necessary for its successful and efficient operation. Unification is estimated to dispense with 17% of the man-hours of labor now being purchased. This means that there will be 17% less men required in the shops and that under Mr. Beatty's suggestion that none shall be removed from the staff except through the natural reduction, there will be 17% of the time, plus the time, plus the time that they cost under present conditions, whenever it can be managed. Here again they can agree to retain all men in the service, they can even agree to retain the 40-hour minimum week, but excuses can always be found for closing the shops, and thus making the estimated 17% saving immediately for the railroad, and a 17% loss immediately for the employees. Here again it would not be practical to defer the saving until the staff had been adjusted through attrition.

John: You seem to be overlooking one thing. Mr. Beatty has asked the Union Representatives of the men to sit down with him and negotiate some kind of an agreement that would afford protection to those who may be affected by unification. You are jumping to the conclusion that all he would be prepared to do is to agree that no employee would be removed from the staff in any department and the entire saving in labor costs would be that derived from those normally leaving the service through retirements, deaths, etc. You may be wrong, Mr. Beatty and his associates might be prepared to agree that all these men shall not only be retained on the staff but guaranteed their wages whether they work or not, until gradually there will be employment for them as the older ones go out. He might also be prepared to agree to no shut-downs during this period.

Rail Man: I have tried to show, John, that Mr. Beatty's suggestion was not practical, but when you stretch his suggestion as far as you have stretched it, I am confident that it will be the Management's turn to say that it is not practical. In the first place there are hundreds of railway-workers who are unemployed and not earning a cent now. Your suggestion would restore them to the pay-roll with a guaranteed wage and it would take a few years of retirements to get the pay-roll down to where it is at present before they started making any actual saving in labor costs. If on the other hand, these unemployed men were excluded from the status of present employees, it would mean their total exclusion from railway service for some five years, and the loss of pension and other acquired rights, so that any way you look at it, it still seems to be impractical.

John: You seem to have made quite a study of this whole problem, and I gather that you have not much confidence in all of Mr. Beatty's assurances that the employees will get a square deal if unification comes. Neither do you seem very anxious to have your representatives sit down at the conference table and see how far he is prepared to go in that direction before making up your mind about it. Why is that?

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

19418



Rail Man: Well, that is a double question. In answer to the first, our lack of confidence in Mr. Beatty's assurance of a square deal is partly this: For years we have recognized the technilogical displacement of human labor in the railway industry. We have seen larger locomotives hauling more cars, and cars of greater tonnage, we have seen both making an ever-increasing number of miles without repairs, paint-sprays taking the place of the brush-hands, modern machines displacing gangs of workers, and we have gone to railroad managements for adjustments that would have prevented the distressing spectacle of men with 25 and 30 years of service being deprived of their livelihood. We have never suggested the retarding of progress; we have never opposed the introduction of the machine, but we have said that there should be a fairer distribution of the benefits of the machine, than reduced labor costs for the employer, and unemployment and distress for the worker. We have time and again made the further proposal that the employment of new men should be suspended until all present employees were regularly employed.

John: What has been the reception to that suggestion?

Rail Man: You will find the answer in Mr. Beatty's evidence before the Senate Committee, on May 24th, 1938, when he said that about 29% of the employees of the C.P.R. had been in the service less than five years. My point is this, John, if Mr. Beatty is so sure now that the reduction in necessary labor can automatically adjust itself without causing unemployment, why couldn't he and the C.N.R. Management as well, have given as much consideration to their old and faithful employees in the past?

John: If Mr. Beatty's plan can be used to protect the victims of unification, why has it not been used in the past to protect the victims of increased productivity?

Rail Man: They have gone along engaging new employees as apprentices in their shops while experienced mechanics were being laid off; they have contracted out the building of equipment to outside firms while their own shops have been working part time and their own mechanics idle. Why, then all this assurance of protection under unification, that he refused to give us under other causes of unemployment? And this leads to your second question: Why are we not anxious to sit down and see how far he will go with us? Frankly, we suspect a motive behind it. Our Railway Unions, we are egotistic enough to believe we have some public influence. We have opposed amalgamation of the railways, and hope to continue to oppose it. Not from our own selfish interests, but in the interests of Canada. We cannot oppose a program and at the same time assist in drafting it, and we believe that to sit down and talk it over as suggested would weaken our opposition to it, and our action would be construed as an admission that amalgamation is inevitable.

John: In other words, Mr. Railway man, you attribute the invitation of Mr. Beatty to strategy, rather than genuine concern for his employees, and I am inclined to agree with you. I suppose your experience with unemployment as a result of what you term technilogical development, would put you on your guard. Can you tell me anything about this development? You mention, for example, larger locomotives and cars.

Rail Man: Yes, I have some figures here on that, that I am sure will serve to elaborate on the point. There are no doubt later figures available, but the latest I have are for 1935. In 1920 there were in operation on Canadian Ry., 6,030 locomotives, with an average tractive power per locomotive of 31,112 lbs. A total tractive power of 85,000,000 lbs. In 1935 there were 4,797 locomotive average tractive power was 38,140 lbs., total tractive power was only 1.5% less than in 1920, although there were 1,233 less locomotives in service. In 1920 there were

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119419



224,489 freight cars in service on Canadian Rlys., with an average capacity per car of 35.41 tons. Total car capacity was 7,888,821 tons. In 1935 the number of cars dropped to 176,760. The average capacity per car increased to 41,047 lbs. The result being that with 47,729 cars less in service the total car capacity was the same as in 1920. In 1920, the average train handled was 28.17 cars, and in 1935 this was slightly reduced to 36.31 cars, an increase in the number of cars average per train over 1920 of 28.9%. Or put in another way, three trains in 1928 were four trains in 1920.

John: That is indeed interesting. Inside a fifteen year period you show over 1200 less locomotives and able to do the same work. Nearly 48,000 less cars but the same carrying capacity, and three trains doing the work of four. I can see where the train crews and the repair shop workers would feel the effect of this on their employment, and why the threat of amalgamation on top of this continual development should get them worried. But why is it that with this kind of increased productivity per worker running all through the industry, there should be any railway problem? It seems to me that profits should be on the increase for the railways.

Rail Man: To put it as briefly as possible, the trouble is a top-heavy financial structure. Amalgamation of our Railways is designed primarily to protect the interests of the bondholders at the expense of the railway men who actually operate the railways. If the investment value of railway bonds has depreciated, the Bondholders should take the loss as we all expect to do if we make an investment that depreciates in value.

John: Thank you, Mr. Railwayman, our time is up, but we will meet again and go more fully into the question.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Announcer: Much has been heard in recent years of our Canadian Railway problem. Tonight we will hear a discussion between Mr. John Citizen and Mr. Railwayman. The Broadcast is sponsored by an organized group of railway workers.

John..... Mr. Railwayman, as an ordinary citizen trying to keep in touch with current events by reading the papers, there are some things that are very confusing to me. Perhaps you can help to clear them up. Sir Edward Beatty, President of the C. P. R. is advocating Unification of the railways. One of the local dailies opposes Unification, and advocates what it terms "Compulsory Co-operation." The Conservatice party has taken a similar position, and the President of the C. P. R., in appearing before the Senate Committee last Spring, expressed very similar views. Now, just what is the difference between the two?

Ry. Man..: There is very little difference. They both mean ultimate amalgamation of our railways. Unification envisages the enactment of legislation with one stroke of the pen. What they term "Compulsory Co-operation" would do the same thing on the installment plan, and has been very well described by Mr. Beatty in his evidence before the Senate Committee as "Unification in Disguise."

John.... "That seems a pretty clear explanation, and if you will pardon my ignorance of the situation, I would like to have you explain why society, and various sections of the people are opposed to amalgamation of the railways? I have in mind the railway-workers, taxpayers, farmers, business and professional groups; outlying municipalities, and in fact a cross-section of the citizens generally. You might deal with those one at a time. Suppose you explain why a taxpayer should be opposed to Amalgamation, when he has had the C. N. R. pictured to him in the light of a "White Elephant."

Ry. Man :Well, John, there are many reasons for it. A taxpayer who stops to think for himself, as many are doing now-a-days, can readily see that Amalgamation would not mean the slightest relief from the tax burden. It might well, in fact, mean increased taxation. According to President Hungerford of the C. N. R., in his evidence before the Senate Committee, the C. N. R., during the period 1923 to 1937 inclusive, earned its full operating expenses, plus an excess of operating revenue over operating expenses of $361,000,000, or an average of $24,000,000 per annum. The deficits of which we hear so much, arise not from operation, but from a heavy burden of interest charges. This heavy burden of interest charges is the result of a former Government protecting the credit of Canada during the war hysteria, by taking over five major railroad systems and a number of smaller roads, all virtually bankrupt, and assuming outstanding obligations of more than one billion dollars, and in such run-down condition that some $400,000,000 had to be psent to put them into operating condition. Without going into detail regarding the ramifications of past governments, railway promoters or financial manipulations, the fact remains that there is a huge debt piled up and rightly or wrongly saddled onto the C. N. R., and for which the operation of the property since its acquisition by the Government is in no way responsible. Amalgamation with the C. P. R. does not relieve the tax-payer of this burden. It still has to be paid. The C. P. R. is assisting materially towards meeting it, when over a period of 15 years it was able to hand over to the Government a net operating revenue earned of an average of $24,000,000. It is questionable whether so handsome a contribution towards our national debt would be continued under unification.

John.....:You seem to have something there. I can see where unification, or not, Mr. Taxpayer still has an obligation to meet, and with unification he might have to foot the bill without the assistance of the C. N. R.

Ry. man..: Yes, but that is not all. Do you know that expenditure on our highways and waterways, in the year 1935, exceeded the revenues from those sources by almost $70,000,000 - or $27,500,000 more



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

than the reported deficit of the C. P. R. for that year? If those competitive forms of transport, which are sapping the very life-blood of the railways, while subsidized to that extent, were subjected to the same government restrictions as are the railways there would be no railway problem, and the net operating revenue of the C. N. R. would easily meet the huge interest burden with which it has been saddled. Tax-payers cannot be expected to remain silent about paying out $70,000,000 per annum for the upkeep of the agencies responsible for the decreased earnings of the railways, by having their attentions fixed upon that much lesser burden.

John. :You mean that if governments discontinued this $70,000,000 annual subsidy to highway and waterway transportation systems, that the shortage of the C. N. R. net revenues to meet the full interest charges would disappear, and the tax-payer would be relieved of both these burdens?

Ry. Man :That is it in a nutshell. But here is another thing that is beginning to dawn on the tax-payer. From 1930 until the end of last year, $503,000,000 was spent by Canada in relief projects. Add to this the cost of the administration of relief, suppression of unemployed demonstrations, and related matters, and it will be seen that compared to the much talked-of C. N. R. deficit the latter fades into sad insignificance. How then can the tax-payer hope to lighten our national burden by deliberately planning to throw more of our citizens out of employment and thereby increase the number of relief recipients? It seems natural to conclude that when savings are made in labor costs, that unemployment will spread to those industries which cater to the wants of railroad workers; that the real tax-burden of unemployment and all that it entails, will be increased beyond any relief which might be hoped for through a very doubtful reduction in the C. N. R. deficit.

John....:I must admit that you have made out a good case, and I can quite understand now why Amalgamation of the Railways makes no appeal to the intelligent tax-payer. But how about the Business and Professional man from the viewpoint of his business, forgetting for the moment the tax question?

Ry. Man :No doubt the business and professional man realizes that the backbone of his income is the man on the pay-roll. What would it profit him to let someone "kid" him that there is a lot of waste and duplication in the railway industry, which, if eliminated, would pay the interest in full on an indebtedness incurred years ago through the questionable transactions of past governments and "wild cat" promoters, if, in the process of elimination, by the unification route, he is going to break the backbone of his source of income.

John....:You might enlarge a little on that point, I don't quite get it.

Ry. Man :Does the Doctor, for instance, relish the thought of being called out during the night to find that his patient is one of the victims of Amalgamation? And unable to pay his bill. Does the merchant, for instance, want to see those good cash customers of his who buy regularly from him, walking past his window and looking longingly in at the things they would buy from him if they had not been separated from their jobs through amalgamation? And it is not only the railway worker who would be separated from his job. Unemployment breeds more ubemployment, and any falling off of the pay-roll in a large industry immediately reflects itself in a falling-off in pay-rolls in general. I merely mention the Doctor and the Merchant to illustrate my point. Every business and profession would be affected. A realization of how they would be affected, which of course accounts for their opposition to amalgamation.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119422



John.... :I think that is quite clear, but you are assuming that amalgamation means reduction in the railway staff. I have read where it can be put into operation without staff reductions. If it means staff reductions then your argument is sound. In fact I have had an example of this very thing. A young fellow living across the street from me was laid off in a staff reduction from a big store, where he had worked steady for years. When I expressed my surprise at him being laid off at this time of the year when the shopping season was busy, he explained it by the effect upon business of the C. P. R. shops being closed Oct.21st to 14th of Nov. He is to be taken back when the mid-month pay-day comes in the C. P. R. shops. It is not, he says, only the actual loss of the business that this three weeks wages means, but business is apt to regard such retrenchment as a barometer indicating a slump in the offing, and a general retrenchment takes place. But what about the claim that a staff reduction is not necessary under the unification plan?

Ry. Man :Every cent that is saved in labor costs must come out of the pay cheques of railroad labor. There may be savings from sources other than labor costs. Mr. Beatty has stated that the estimated saving in labor cost is from 15 per cent to 17 per cent. I think this is too low an estimate, but even taking his word for it, it means that the railroad pay-roll will be 15 percent to 17 percent less than at present, if unification ever goes into effect. Mr. Beatty proposes - and this is perhaps where you got the idea from- that this reduction need not be immediate. He estimates that by the simple process ofnnot engaging new men, until the estimated reduction of 15 to 17 percent has been affected through normal retirements, deaths, etc., that no present employee need lose his job. But he does estimate that in the course of three and a half years there will be 17 percent reduction in the railroad wage-bill due to a smaller staff. Now that might sound logical, but to experienced railroaders it is not practical; it means 17 percent less purchasing power to be expended on goods and services; and that much more unemployment relief for the tax-payer to take care of.

John.....:What do you mean when you say it is not practical?

Ry. Man..:Just this:- The fact that a railwayman is not laid off, does not mean that he draws a pay-cheque. A train crew, for example, works when a train is dispatched. There may be many crews on the staff awaiting their call, but with fewer trains, because of more cars to the train, there will be fewer runs for the crews, so that if 17 percent is the correct estimated saving in labor coat, it must of necessity be made immediately as far as train crews are concerned. Shopmen, for instance, could be retained on the staff, but if there were more than required the shops would be periodically closed down, so that if there were less man-hours of work required under unification, say 17 per cent less, then 17% less man-hour labor would be purchased, not 5 years hence, but at once, and still no men need be taken off the staff.

John.....:Yes, that is quite clear. You fellows seem to know all about railroad practice. But tell me something about the workers' opposition.

Ry. Man..:Many railroad workers have spent the better part of their lives in the railroad industry, many of them have passed the age of adaptation to a new occupation, even if there were new opportunities, which there are not. Those railroad workers have a stake in the industry,equal, if not greater importance than the stake of the Bondholder or Stockholder. When we earn wages they are immediately put into circulation in the community in which they are earned, and the community benefits. On the other hand, if, as contemplated by Amalgamation, the wage pay-roll is reduced so as to increase the interest and dividend pay-roll, the community is the loser. The interest and dividend pay-roll does not even help Canada. For instance, of the C. P. R. stock, 83.16% of ordinary stock and 99.72% of the preference stock of the Company is held outside of Canada. Hence, we oppose amalgamation not



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119423

only from our industrial and community interests but also from the national interest.

John... :I must confess that I have never looked at it in just that light. I think this explains many things. The business people of Canada are naturally more interested in their own customers than they would be in outsiders, and amalgamation would deprive their customers to meet the demands of outsiders. Now, why the opposition of the farmer?

Ry. Man..:The farmer is interested in two things: lower freight rates for his commodity, and efficient service from the railroad. It is n not the purpose of amalgamation to give the public chepaer rates. Savings effected, if any would not be passed on to the public, but would be passed on to the coupon-clippers. Therefore, there is no inducement here for the Farmer to support Amalgamation. Secondly: He realizes that a private monopoly such as amalgamation contemplates, is not conducive of efficient service. Many of the older farmers have had railway monopoly in the old days and want no more of it. But in addition to all of that, the farmer knows that the best market for his product is a wage pay-roll, rather than a foreign dividend pay-roll.

John... :I believe what you say is true, but don't forget that there is a continuous campaign being to play the workers against the farmer, so that both can be exploited by a third party while they fight between themselves. Many of them nay still blame the railwaymen for the fact that rates have not been lowered. Now, tell me about the outlying municipalities to which you referred as being opposed to Amalgamation.

Ry. Man..:Yes, I will, but first let me point out to you that Canada has the lowest freight rates in the world, and any deficit that has to be made up by the Government, just means that we are socially subsidizing what the individual shipper would have to pay direct in any other country. But now about the outlying community. What I had in mind was the community that would be in danger of abandonment if amalgamation was put into effect. Mr. Beatty, of course, denies that his plan would injure any community, by abandonment of lines, and in the same breath he says that it will not injure the workers. Just where is the $75,000,000 per annum to come from? Have you ever made the trip through the Crow's Nest Pass, or the Kootenay country, and seen what they call "Ghost Towns"? That is a town that has been developed in years gone by because of the operation of coal or metal mines; where workers in the mines and business people catering to them had invested hundreds of thousands of their hard-earned funds in homes and business places, only to awaken some fine morning and find that the directors in London or New York decided to abandon the mine. The result was a total loss. Fallen down, dilapidated, worthless homes with broken window panes stand as a monument to the false security in their businesses, their homes and their employment, without taking into consideration the inhumanity of foreign investors whose motto is: "The wages of invested mnoey must be paid regardless of who may suffer in the process." The same treatment would be meted out to dozens of small towns throughout Canada, towns that have been built upon the strength of the railway. We do not want a country of ghost towns. Unification may have been justified in Great Britain where the country has long since been developed, but to even talk of it in a young country like Canada is an admission of defeat. All this no doubt explains the opposition of the outlying communities.

John... :I am sure, Mr. Railwayman, that you have given me a very intelligent slant on this whole question. I am convinced that there are better ways of meeting this problem than by the Amalgamation method.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119424

Montreal, P.Q. Mar. 27-1939.

The Honorable Senators,
Members of the Special Senate Committee,
Hon. Geo. P. Graham, Chairman,
Rt. Hon. Raoul Dandurand, Leader,
Rt. Hon. Arthur Meighen,
Hon. James Murdock,
Ottawa, Canada.

Very Honorable and distinguished gentlemen:-

The undersigned, through exclusively charitable motives, wishes to voice the opinion of a body of employees who have no other means of being heard, that is, unorganized labor who would form a group of perhaps two million workers, all of whom are good C nadians, heretofore unheralded as a most potential group of tax-paying consumers. A nd, further asks that the Honorable Members of this Special S enate Committee be good enough to consider the following remarks as coming from one railroad man to another (there being at least one or two H onorable Members, who were at one time railroad employees), with the frankness and honesty that is second to no other class of worker with the same dependability as the tide of the ocean, notwithstanding the lack of academical phraseology or the uncandid assumption of cosmopolitan leadership, for which consideration I am most grateful.

Having assisted at the hearings of Tuesday, the 21st., instant before the above-mentioned Committee, and unreservedly convinced of approval by all respectable workers, I wish to unqualifyingly state that any and all unrespectful utterances made at said hearing, were NOT that of any bona-fide railroadman's volition.

Since my return to Montreal, many railroad employees of different departments, such as conductors, trainmen ( brakemen), firemen, clerks, telegraphers, both railroad and "commercial", train-despatcher and others, employees of both railroads including a railroad conductor formerly employed by the New York Central and now residing in Ottawa, in commenting the newspaper reports in our dailies in both languages, are not only in

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

disagreement with the two solutions offered,but enthusiastically insist, in the best interests of Canada and all the workers,that our economic requirements are such as that propounded by the undersigned,on request, to the Special Senate Committee under date of the 17th.,instant.

It must be remembered that Sir Edward Beatty has never irrevocably contended that his ideas were omnipotent or unquestionable,but,rather invariably suggested that in view of the accruing debt incurred by our nationally-owned railroad,an impartial study of his recommendations be made in the interests of Canada and the tax-paying Canadians.

Again,it must be conceded that Mr.S.W.Fairweather,is the Director of Economic Research of the largest railroad in America,if not in the world, and,his opinion should also be given all the value implied by such distinctive authority.And,in the writer's humble opinion,the officials of either and both railway companies are gentlemen and competent administrators.Furthermore,it is believed beyond any doubt,that these same gentlemen are immeasurably above requiring the dictates of a miner,or even the self-assumed leader of a dress-making organization,whose views on social and political economy are foreign to that of our democratic Administration in Canada.

It is also the opinion of the writer that,90 percent of all the Canadian Pacific employees would NOT exchange positions for that of similar positions with the O ppposition company because of any administrative dissatisfaction. Hence,to infer that C.P.R.employees are discriminated against,or unequally treated and that they are not given holidays with pay,on an equal basis of that of the Opposition,is a deliberate untruth which allows for the interpretation that it was made with the intention that such statement may be conducive to distortion of a half-truth,and an excuse to excite antipathy among classes such as is provided in the recommendations supposedly given out by adherents to a subversive totalitarian government who obtained and retains power

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119426

through the massacre and the shedding of the blood of its predecessors.

With all due respect for the educational and instructional potentialities of one of the witnesses last Tuesday, as well as that of any preceding witness possessing likewise competence in fields of industry other than railroading, I must point out that the present situation, exposed in my communication to the said above-mentioned Committee, is due solely to the lack of individual purchasing power and not in any way due to a surplus of capital in circulation. Hence, presuming that the above statement is in accordance with the veracity of the facts it is observed that, to withdraw from circulation another fifty or more millions of dollars per year, will only add to the burden of taxation imposed on the consumer by our different governments, in addition to that required for more victims of direct relief, amounting to perhaps fifty million dollars yearly, plus the four millions and more otherwise collected by the Federal Government through the established sales tax of 8 per cent.

On the other hand, the writer feels confident that, given the privilege of devising ways and means to bring about economic recovery on a sound and permanent basis, it would be possible to do so without causing any financial tumult nor any apprehension on the part of the purveyors of capital, locally or from abroad.

As regards any "adequate" provision for those affected by a diminution of personnel, one has only to recall the fate of the former railroad employees in Horne Payne, Coteau Landing, and, futurely, those of Chapleau, Capreol, Sudbury, North Bay, Greater Montreal, Port Arthur and Fort William, Winnipeg and St. Ignace, Moose Jaw, Swift Current, Saskatoon, Medicine Hat, McAdam, Toronto, St. John, Halifax, Vancouver and many intermediate points all of whom should have a voice in the matter.

Unorganized labor in Canada, whose salaries and family obligations do not allow for the payement of dues are nevertheless best qualified to decide what is required for the best interests of their dependents,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119427

although not having the privilege of voicing their opinion in any organized movement owing to a very logical practise that the interests of members only shall be looked after, the financial success of a union, required to defray onerous expenses, depending on the dues and assessments of their membership. It is for this reason and for charitable and patriotic motives ONLY, that the writer has undertaken to fulfill the duties that a salaried union official is unable to do, because the non members, as they are so designated, are not invited to choose his or her representative, nor vote in favor of or against any intended representations to be made, for which services it is desired to declare, that the undersigned has not and does not expect any pecuniary remuneration, directly or indirectly. On the contrary, all expenses incurred by trips and displacements, via automobile and otherwise, papeterie and other expenses including loss time, since a score of years in research work, have been defrayed by myself without any contribution from any source whatsoever, this being the writer's uncompensated contribution to a wothy cause for a no less worthy people.

The absence of formal protests or the silent acceptance of a state of affairs does not necessarily indicate adherence to a measure which would otherwise have been refuted or declined.

In conclusion, it is pointed out that the National Combines Act, or the Trades and Commerce law, is not the only unpunitively transgressed law, since it is known that the law forbidding the commission of libel has become, through legislative inequity, a protection for the transgressors against whom it was intended to severe, all because of another law unwittingly authorizing the commission of such criminal offenses, making the working public, victims of a manoeuvre despicable in more ways than one. However, it is believed that, if our legislators knew of such legislative inadequacies, they would adopt means to correct a deplorable state of affairs equally detrimental to economic recovery as that of our

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119428



greatly perplexing yet not invincible railroad and unemployment situations.

The undersigned's authority for the discussion of the above questions herein treated are as follows:

Socially: Former member of the Order of Railroad Telegraphers; and the Commercial Telegraphers' Union of America, divisions 1, 43 and the Eastern Broker Division.

Practical experience as: Yardmaster; Way Station Railroad Telegrapher; Relay Railroad Telegrapher; Railroad Station Agent; Terminal Telegrapher; Tower Operator; Baggage, Express and Freight manipulater; Car Tracer; Car Distributor; Emergency Train-Despatcher; Assistant to the Trainmaster; Headquarters Telegrapher; Telegraph M anager; Commercial Telegrapher; Canadian Press Telegrapher; Broker T elegrapher; Broker Arbitrage Telegrapher; Bank Telegrapher; Bi-Lingual Newspaper Telegrapher.

Sincerely hoping that you will be kind enough to facilitate the writer's privilege, at his own expense, of expounding before the Committee next Wednesday, the 29th., instant, the views as expressed in the document produced as well as the opportunity of publicly declaring, verbally and unequivocally the faith of the workers in the Honorable Members of this said Special Senate Committee, together with the answers to any questions it may desired to put to the best of my limited possibilities, and in anticipation of a telegruphed communication stating that such a privilege will be granted, I beg to humbly and respectfully remain,

Your humble servant,

Geo. C. Vaudrin.

George C. Vaudrin,
6048 St. Hubert Street,
Montreal, Canada.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119429

Ottawa,
March 28, 1939.

5/

Mr. W. H.White,
814 Princess Ave.,
London, Ont.

Dear Sir:

This is to acknowledge yours of 25th and to say that the request of the junior men to be heard in their own behalf will be discussed before the Special Railway Committee of the Senate. I cannot venture to say what the decision may be.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

London, March 25 1939

119430

Hon. Sir Arthur Meighen
House of Commons
Ottawa Ont.

Dear Sir:

We wrote to Mr.Rogers some time ago for some time on the floor of the house in order that we may place our views regarding the junior men in the milage question,on the railway situation before the house, but Mr Rog er informed us that the senate was the proper place for the question. M

No doubt you know that there are thousands of us men who are walking the streets,and on the relief rolls,that are classed engineers and instead of walking the streets ,we should be gainfully employed and as your committee knows,that if the running trades were working 2600 miles a month or 26 days per month,instead of 38 days as a lot of them are doing at the present time .

We have canvassed a great number of the railwaymen in Ontario districts ,in regards the 26 working days a month and we find that on the seniority district where 673 men are employed,there are 450 of these men are in favor of the 2600 miles a month,there is no doubt that the junior men is certainly entitled to some consideration .

As your committee is investigating the railway situation ,it is our desire that we may be represented before your comittee for the junior men. Awaiting your formal reply as to when time will be assured to us to make our representations,as there are too many merrits to allow this matter to go by.Thanking your for your co-operation.

We Remain

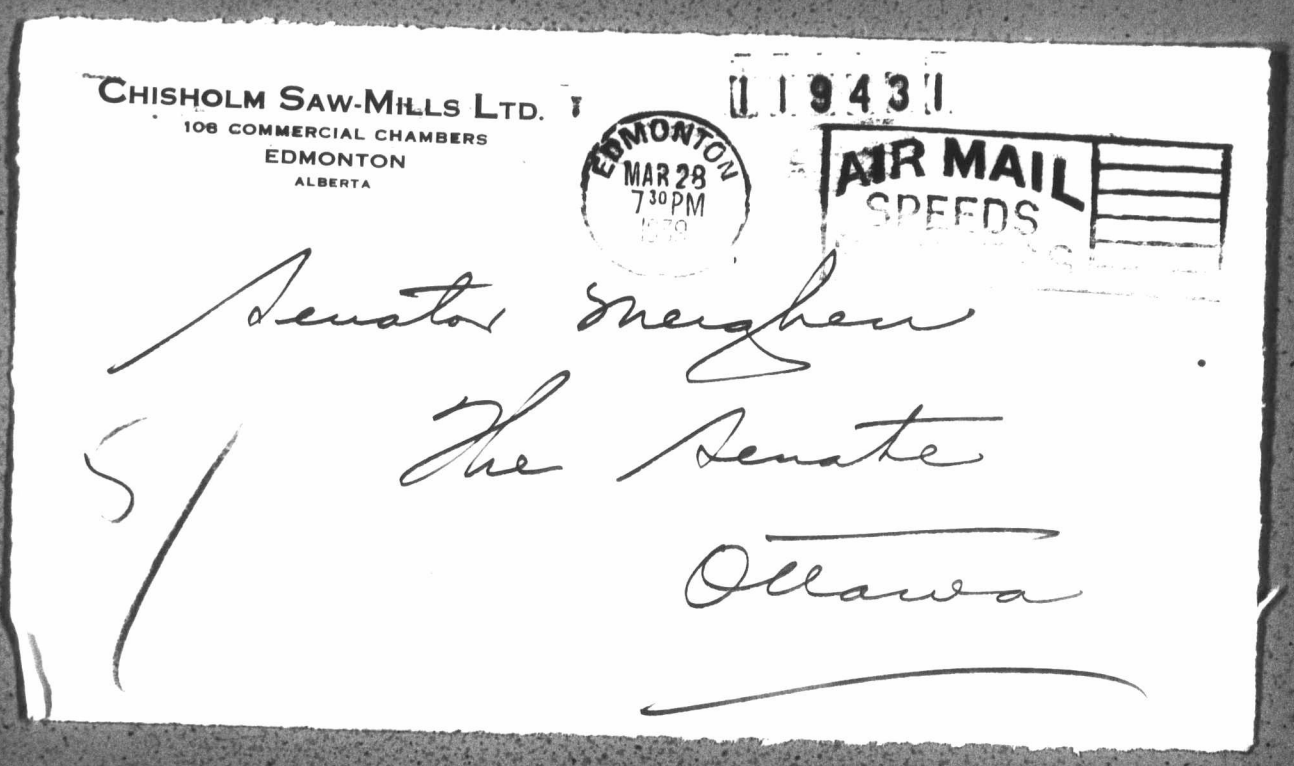
Sincerely Yours

W,H.White
V.J.Black

W.H.White
814 Princess Ave
London Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA


CHISHOLM SAW-MILLS LTD.
106 COMMERCIAL CHAMBERS
EDMONTON
ALBERTA

EDMONTON
MAR 28
7 30 PM

19431

AIR MAIL
SPEEDS

Senator Meighen
The Senate
Ottawa

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119432

March 28, 9.

Senator Murdock,
The Senate,
OTTAWA, Ontario.

Dear Sir:

You are apparently worried over who is putting up the money for the Citizens' Group of Toronto for Railway Action. My reply to your anxiety is that the business men all over Canada are prepared and willing to contribute within reason to get the facts before the general public. We cannot expect the press to do it because your unions have seen to it that their union members and families and the press get passes for travelling without cost, hence that is their price so the time has arrived when the general public must organize against uneconomic trusts and unions who have been racketeering this country for many years now. McAdoo and his swards put all the railways in America on the bum and you know it but will not admit it.

When the masses get organized, Mr. Murdock, the politicians will drop your running trade unions like a bunch of hot potatoes unless your members take a tumble and get down to economic reasoning and fair play. The fact is the railway vote franchise, including their better halves, does not exceed 10% so why should they be permitted to control 90% of the franchise vote? My advice to you, Mr. Murdock, is for you to advise your running trade unions to become reasonable and especially so now when they have such competitors as the truck and bus, whose operators work for much less wages and much greater hours per month and lesser conditional demands, otherwise they cannot expect to get public opinion behind them under present financial conditions.

Yours truly,

JFM/GH

J.F.MacMillan.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119433

March 28, 9.

General Manager,
Winnipeg Free Press,
WINNIPEG, Manitoba.

Dear Sir: Re: Railway Problem

I have been a reader of your paper for the past few years and have come to the conclusion you must be prejudiced by the railway unions or a certain railway organization for submitting their side of the story only and against letting the masses know the real facts of the situation. Why do you not tell your readers what Prof. J.L.McDougall has been stating before the Senate railway committee, such as the following:

" Senior engineers on Canada's two railways are earning more than $4000.00 a year and working about fifteen days in a month. "

Why don't you engage a reporter to interview truck drivers and bus drivers and ascertain what wages they are paid and how many days, on an average, they work each month and give it some publicity too? You no doubt realize the truck and bus are the railways' greatest competitors!

In my opinion the two greatest problems our Federal Government have to solve are the railway and relief situations and our leading newspapers should try and assist the taxpayers of Canada instead of assisting uneconomic organizations such as the running trade unions on the railways. I do not for one moment think the office help of the railways are, generally speaking, overpaid but I do claim the running trades are when you compare them with the truck, bus, and the aif operators and are standing in their own light and apparently do not know it.

I would like to see a paper like yours come out and give the public both sides of the story, as well as all the facts.

Thanking you in advance for an early reply,

Yours truly,

JWM/GW J.W.MacMillan.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119434

5

Ottawa,
March 28, 1939.

Mr. Dalton J. Little,
Secretary-Treasurer,
Citizens' Group for Railway Action,
611 Temple Building,
Toronto, Ont.

Dear Mr. Little:

Thank you very much for sending me copy of correspondence with the Chairman of the Special Railway Committee of the Senate, and also copy of Judge Emerson Coatsworth's letter. I think the latter especially was exceptionally well prepared and most effective, and I am indeed glad it was sent. Judge Coatsworth is to be congratulated on the excellent work he is doing.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119435

CANADIAN PACIFIC RAILWAY COMPANY

E. P. FLINTOFT, K. C.
GENERAL COUNSEL
G. A. WALKER, K. C.
GENERAL SOLICITOR
D. I. McNEILL, F. C. S. EVANS
SOLICITORS
K. D. M. SPENCE, J. A. WRIGHT
ASSISTANT SOLICITORS

W. N. TILLEY, K. C.
CONSULTING COUNSEL

LAW DEPARTMENT
S.F.266

MONTREAL April 4, 1939.

PRIVATE

5/

Rt.-Hon. Arthur Meighen, P.C.,
The Senate,
Ottawa, Ont.

Dear Mr. Meighen:

As promised, I enclose herewith clipping from the "Montreal Gazette" of February 25th last, giving Mr. McLeod's article on the use of the proposed C.N.R.terminal property in Montreal.

I was informed today that Mr. McLeod had written to the two Chairmen of the Committee, asking that he be given an opportunity to present his views.

No doubt the Chairmen will have this letter on their return to Ottawa tomorrow.

Yours sincerely,

E.P. Flintoft

General Counsel.

EPF/M.
Encl.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Montreal "Gazette" 119436
Feb. 25 39

# USE OF C.N.R. HOLE AS TRAFFIC CENTRE URGED BY ENGINEER

## G. R. MacLeod Strongly Opposed to Present Railway Terminal Plans

## OTHER CITIES STUDIED

### Veteran Expert Says Tramways, Buses, Autos, and Later Subways Could Use Centre

Abandonment of the Canadian National Railway's Dorchester street terminal, use of the present excavation, the tunnel and the proposed viaduct to the south for a city traffic system, and acceptance of the Canadian Pacific Railway's offer for joint use of the Windsor, Park avenue and Place Viger stations by the railways, is suggested by G. R. MacLeod in the light of his experience as an engineer with the City of Montreal and railway companies.

From 1913 to 1938 Mr. MacLeod occupied various engineering posts with the city, having been engaged for the express purpose of dealing with numerous problems arising between the city and the railways,



Photo by Rice.
G. R. MacLEOD

tramways and other transit companies.

To provide for future city traffic needs, Mr. MacLeod contended, it would be good business for the C.N.R. to transfer without charge the tunnel under the mountain and the Dorchester street excavation to the city as a basis for expansion of local transit equipment. The city could lease the tunnel to the Montreal Tramways Company or operate a municipal service through it, he said. Viaduct to the south could be used for vehicular or tramways traffic and the whole would serve as a future nucleus, possibly many years hence, for a subway system.

PROPOSAL IS SKETCHED.

Mr. MacLeod has prepared a drawing showing a bird's-eye view of the uses which might be made of the existing C.N.R. properties north and south of Dorchester street, leading to Mount Royal Tunnel.

"The project of using the excavation at Dorchester street as a railway terminal ought to be definitely opposed," said Mr. MacLeod yesterday. "That site would not have been proposed for such a purpose were it not for the fact there is a tunnel through the mountain, a legacy from one of the smaller railways which had to be taken over by the Dominion to be merged into the national railway system. The tunnel is, of course, an asset, but the enormous expense of building a railway passenger terminal station there, including the cost of building rail connections from the old Grand Trunk main lines and yards, is tremendously out of proportion to the value of the tunnel as a railway approach, to say nothing of the great inconvenience to the public of Montreal by having another large railway terminal in the centre of the City.

"In the first place, Montreal has too many railway terminals and too many tracks and yards. To transfer Bonaventure Station two blocks east and two blocks north, still as an independent main terminal, will aggravate the situation and give no tangible advantages.

"While on the subject of 'too many railway terminal stations.' —just compare the situation in Montreal with those in Toronto and Ottawa. At each of these two important cities, they have one union station operated jointly by the same two railway companies which have six passenger terminals in Montreal. The rivalry and hostility between the railways originally entering both Toronto and Ottawa were even more bitter than between any companies in America today, but even in those difficult days the better counsels prevailed. It will be a great pity if similar adjustment cannot be amicably arrived at in Montreal. It is not yet too late.

UNION TERMINALS WORK.

"In my nine years of service with railways, I had many opportunities to observe the railway terminals in certain American cities,—Buffalo, Detroit, Chicago, St. Louis, Mo., for example. At St. Louis there were 22 separate railways having their trains enter one union station. —and everybody happy; whereas at the other cities named, there were numerous separate passenger terminals, with the corresponding overlapping and duplication of expense for buildings, yards and operation. And the inevitable inconvenience and expense to the "through" travelling public for transfers, etc.

"A better solution at Montreal would be for the Canadian National Railways to accept the offer which, I understand, the Canadian Pacific has made, that the two railway companies join in establishing a general system of terminal stations and terminal tracks. The Windsor Station, the Park Avenue Station and the Place Viger Station could be made a basis for this purpose.

"This is especially true in these days, when the railways are bound by law to continue to pool their passenger train services. The pooling of services is ultimately going to reduce by a large percentage the number of passenger trains entering and leaving Montreal, and it would be absurd to increase the passenger train terminal facilities at present. We should be reducing them, in order to implement the pooling of services effectively.

CIVIC TRAFFIC CENTRE.

"From the standpoint of the people of Montreal, it would be a shame to see the opportunity missed to use the present excavation at Dorchester street as a civic traffic centre.

"On this point," Mr. MacLeod said, "I want to disassociate myself from a proposal to plunge into the expenditure of millions of dollars overnight for a civic traffic centre. The financial condition of the city prohibits any such idea. Yet, Montreal is one of the great cities of the world, and will continue to grow. We must make provision for he fuure, and my own belief is that the tunnel under the mountain, and the Dorchester street excavation should be taken over by the city at once, as a basis for the correction and expansion of our local transit equipment.

"I see no reason why the Canadian National, or the Dominion Government, should not find it very good business to transfer this property to the city without charge. The operating convenience of the C.N.R., and the finances of the Government will both be appreciably improved by co-operation between the two railway systems to use the Canadian Pacific terminal facilities.

"The existing Mount Royal Tunnel was built, naturally at great expense, but with great expectations for a large volume of suburban railway traffic and for a wonderful development of a very large area of unoccupied lands between the mountain and the Back River. Through the 25 years these dreams have not come true (except to a very small extent,) as a result of the construction of the tunnel. In my suggestions there is a way to make effective use of this tunnel which has been almost idle for 25 years.

COULD WIDEN TUNNEL.

"While on this part of the subject, I can tell you that during the past two or three years sever-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PRESS CLIPPING
From Gazette 9437
Date February 25th 1939



al friends of mine, mostly engineers, Montrealers who are serious thinkers, have been suggesting the advocacy of a tunnel through Mount Royal to avoid the ever growing congestion of motor traffic of all kinds from the heart of the city to the area north, northwest and northeast of Mount Royal. My invariable answer has been that there is a tunnel already, not used as the asset it is, and why not use that? Their suggestions were for a new motor traffic tunnel. My idea is that it would be very far cheaper to widen the existing railway tunnel if it is found really necessary to provide accommodation for motor traffic.

"The city could lease the tunnel to the Montreal Tramways Company, or operate a municipal service through it. I should myself be in favor of a lease to the Tramway Company, in order that the rapid transit trains or cars through the tunnel might be operated in conjunction with the Montreal Tramways services throughout the city.

"The growth of the City of Montreal is inevitably going to be chiefly back of the mountain, and it is easy to see how this development would be aided by a system under which all the tramway and bus services in that territory could give transfers to a fast train service to the centre of the ciy.

"Sooner or later, of course, we shall have to have East and West subway services, and this is the opportunity to acquire a central point at which these services will meet, and connect with the service under the mountain.

MOTORS TO USE VIADUCT.

"As for the viaduct to Victoria Bridge, which is really useless to the Canadian National Railways, this means a first-class opportunity to give a direct access for motor traffic from the Victoria Bridge to the centre of the city. The northern portion of the excavation—that above the Dorchester street bridge — should be converted into a modern bus terminal, and a parking space for the private motors and trucks which come in across the Victoria Bridge, and which could use the new viaduct so conveniently.

"The whole uptown centre of Montreal would be revolutionized by such a programme. There is an enormous mass of non-paying low-grade building property in the area bounded by Windsor, St. Catherine, Beaver Hall and Craig streets. There are some fine buildings in the area, but not many. Were we to take advantage of the opportunity suggested and establish a transit centre at Dorchester street, all this property would rapidly be covered by modern business buildings. The whole characer of that part of the city would be altered, and real estate values enormously improved.

"The present excavation, with modest but adequate buildings for tramways and bus terminals, could be turned into a beauty spot, at very small expense, and become a real park in the centre of the city. The sides of the excavation could be covered by gardens, and the whole effect made most attractive.

"Certainly the possession of this key point would enable us to plan adequately for the future in connection with under-ground rapid transit.

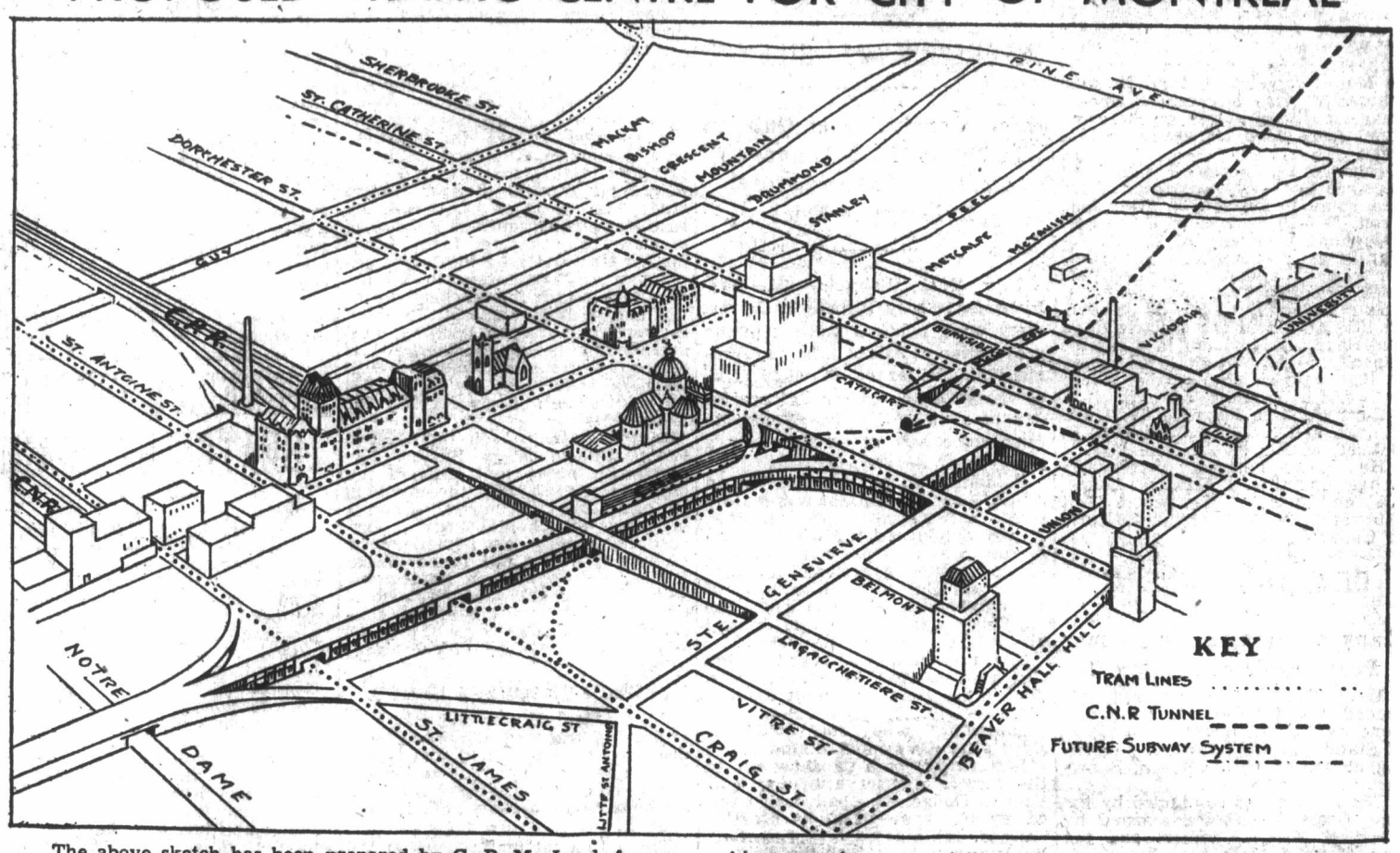
MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

From: Gazette
Date: February 25th, 39

D 19438

# PROPOSED TRAFFIC CENTRE FOR CITY OF MONTREAL




The above sketch has been prepared by G. R. MacLeod, former city engineer, to illustrate his plan for making a traffic centre out of the famous C.N.R. "hole." Mr. MacLeod urges that it is not too late to abandon the present C.N.R. terminal plan. Chief features of his proposal are use of the centre for tramway tracks, enlargement of the tunnel for auto traffic, which would also use the viaduct from the Victoria Bridge, and provision for a future subway system.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119439

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

O. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
OF THE ONTARIO BAR
MELVILLE B. GORDON
CHRISTOPHER ROBINSON
OF THE QUEBEC BAR

CABLES
LAURENTIAN, OTTAWA
TELEPHONE 2-2486

OUR FILE No. 2090-2

April 6th, 1939.

5/

The Right Honourable Arthur Meighen, P.C.,
The Senate,
Ottawa, Ont.

My dear Senator,-

Re: Railway Enquiry

I enclose a proof of the memorandum I have drafted on the subject of the evidence as to estimates. I propose to submit copies to the Railways for their comments to ensure that there can be no quarrel with the accuracy and completeness of the outline.

In my letter sending it on to the joint chairmen I have included an enquiry as to whether the Committee is likely to want to go thoroughly into the question of railway wages, since the preparation of the material on that subject will involve a great deal of work which I do not want to undertake unnecessarily.

Yours very truly,

BER

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119440

CANADIAN PACIFIC RAILWAY COMPANY

OFFICE OF THE GENERAL EXECUTIVE ASSISTANT

MONTREAL April 11th 1939.

Ottawa

H.S.

Rt. Honourable Arthur Meighen,
320 Bay Street,
Toronto, Ont.

My dear Senator Meighen,-

I enclose copy of paper by R. W. Diamond, entituled "The Challenge to Democracy in Canada," which I think is the one to which you referred Thursday last.

Please see Pages 14 and 15, with notes, which bring the graphs to date.

Yours very truly,

Enc.

General Executive Assistant.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119441

(*Transactions, Volume XLII, 1939, pp. 1-17*)

# The Challenge to Democracy in Canada

By R. W. DIAMOND*

(Annual Western Meeting, Vancouver, B.C., November, 1938)

## INTRODUCTION

PUBLIC debts, and the policies guiding public finance in Canada today, are in such a state that every intelligent citizen should be familiar with them, and should be concerned about them. None of you have to be reminded that taxes have already risen to a point where they both annoy and hurt you, but they should also alarm you; alarm you, not so much because of the taxation, but because of the mounting expenditures represented by that taxation.

I have no hesitation, therefore, in presenting a paper dealing with public finance at a meeting of the Mining Institute, since all present are concerned, both as individuals and as representatives of the industry.

Moreover, it is important that engineers, particularly, should become better acquainted with the interlocking relationships of economics, public finance, government, and technology.

While I am neither an economist, a tax expert, nor a chartered accountant, I shall try to tell you, from my viewpoint as an engineer and an interested voter, the story of public finance in Canada today and of certain causes and effects, and I shall venture certain conclusions. In doing so I may merit criticism by experts, but I will risk this in the hope that sufficient interest will be stimulated in the subject to persuade you, as individuals and as groups, to advance, or to institute, your own studies in public finance, and in turn to interest others. I hope that some of the ideas which will be expressed, or which may develop, will bear fruit.

I fully realize that several eminently qualified men have spoken on this subject during recent months, and that many authoritative articles have been written. However, I approach it with confidence, because I propose speaking to you not as an authority, but as one of you, having similar interests and similar engineering knowledge, who only a few months ago became particularly interested in the subject, studied it, and who now sets before you a summary of his findings, with the conviction that the situation is so serious that constructive planning and constructive action by all thinking citizens are imperative.

## THE CHALLENGE TO DEMOCRACY

I assume that 'Democracy' is the most desirable form of government. In a modern democracy, the opinion and the will of every adult member of the group are supposed to enter into the determination of group behaviour.

*Assistant General Superintendent, The Consolidated Mining and Smelting Company of Canada, Ltd., Trail, B.C.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

19442



Reasonable knowledge of national problems by voters and by representatives of the people in Parliament is pre-supposed.

Theoretically, the representatives of the people should be the best informed and the most capable citizens and should possess the highest integrity. No question of remuneration should limit their selection. No political machine should guide their selection. While a true democracy provides for voting of the nation's expenditures by the great mass of the people who pay but a very small part of the nation's direct taxes, a wise national economy is contemplated.

At the time of Confederation, life in Canada was relatively simple. The internal combustion engine and many other pace setters had not then been invented and life's tempo was moderate. The national problems of that day were generally familiar to the people and to their representatives in Parliament, and the franchise was highly regarded. A reasonable approach to a true democracy existed. This condition continued until the war years. During and since that time we have experienced a transition to an entirely different state of affairs, tending dangerously away from true democracy. Generally, our citizens do not seem to value their franchise; nor are they as familiar with our national problems as they should be; yet bitter criticism of government is heard on all sides. The fact that our governments are the creations and instruments of the people is generally overlooked. Because of this lethargy and this individual attitude, we too frequently blame our legislators for the unhealthy conditions which have developed, such as over-government, a demoralizing paternalism, an unhealthy railway situation, widespread petty provincialism, an unsolved unemployment problem, and unsound financial policies, when we ourselves are equally to blame.

It is because of general conditions such as these that fascists say that, in modern life, democracy will not work. It is my opinion that democracy is in danger in Canada, unless, in the early future, every one of our intelligent voters across the land comes to a realization of the present state of affairs and takes an active, intelligent interest in the business of his country. The challenge to democracy in Canada today is much more serious than is generally realized.

### NEED FOR WELL-INFORMED ELECTORATE

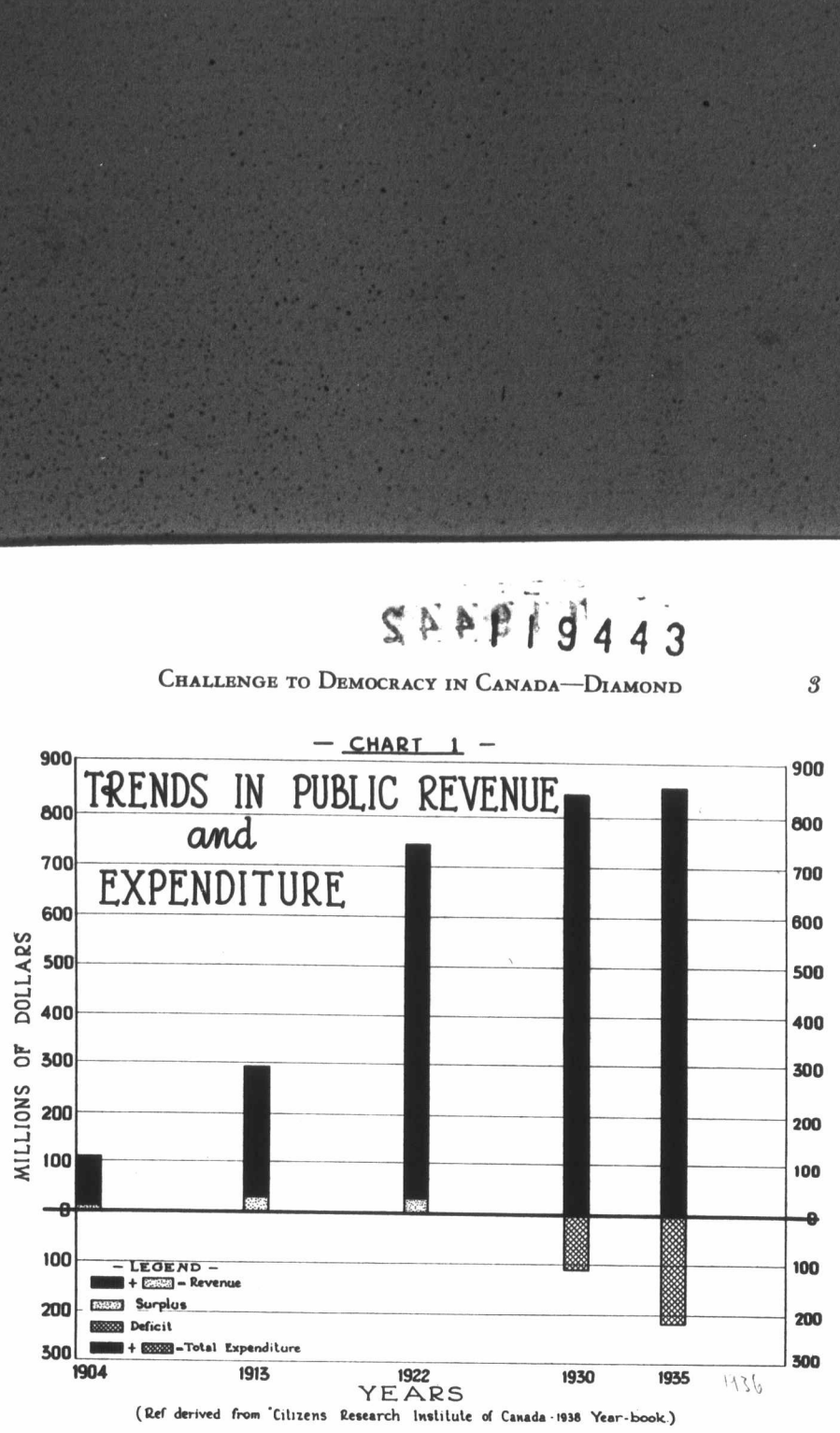
Science and industry have travelled at such a rapid pace during the past twenty-five years that governmental, social, and economic vision and practice have lagged, with the result that an unbalanced state exists. We are now paying the price for this unbalanced state; hence Canada's most pressing need today is the re-establishment of equilibrium between these forces. To restore equilibrium, we must first restore that essential element of democracy, a well-informed and interested electorate. To many, such an objective may seem hopeless, but if we value the privileges of democracy and wish to retain them, we must each accept the responsibilities of the individual in a democracy. If we reject these responsibilities, we will be forced into accepting some form of dictatorship. Let me repeat that we, individually, rather than our representatives and our governments, are responsible for the present state of affairs, and that it is therefore the responsibility of each of us to correct it.

I do not think that the establishment of an informed populace is a hopeless task. It may be a tremendous task; it may be a task calling for nation-wide

SAPP 19443



— CHART 1 —




(Ref derived from 'Citizens Research Institute of Canada-1938 Year-book.)

CHART 2

# PUBLIC REVENUE

| SOURCE | IN MILLIONS OF DOLLARS | | | | |
|---|---|---|---|---|---|
| | 1904 | 1913 | 1922 | 1930 | 1935 |
| SALES TAX | — | — | 89.7 | 20.1 | 77.6 |
| CUSTOM and EXCISE | 54.0 | 126.1 | 153.8 | 189.0 | 118.4 |
| AUTO and GASOLINE | — | .5 | 9.7 | 42.4 | 53.9 |
| INCOME TAX | .5 | 1.5 | 81.0 | 82.4 | 96.4 |
| SUCCESSION DUTIES | 1.2 | 3.6 | 11.2 | 18.9 | 18.3 |
| REALTY | 28.5 | 88.3 | 207.3 | 263.6 | 252.1 |
| OTHER TAXES | 3.4 | 10.9 | 48.3 | 55.7 | 85.8 |
| REVENUE other than TAX | 25.1 | 59.6 | 142.6 | 164.0 | 148.2 |
| TOTAL NET REVENUE | 112.7 | 290.5 | 743.6 | 836.1 | 850.7 |

(Ref Year Book of the Citizens' Research Institute of Canada 1938')

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119444



CHART-3

## PUBLIC EXPENDITURE

ON CURRENT ACCOUNT,
BUT INCLUDING EXPENDITURE ON DIRECT RELIEF
WHETHER OR NOT FUNDED

| NET EXPENDITURE | 1904 | 1913 | 1922 | 1930 | 1935 |
|---|---|---|---|---|---|
| | In millions of dollars | | | | |
| BY THE DOMINION from Governmental Revenue | 54.7 | 113.6 | 383.6 | 442.0 | 526.1 |
| BY THE PROVINCES after deducting Dominion Subventions | 11.9 | 40.3 | 90.2 | 171.7 | 215.7 |
| BY MUNICIPALITIES after deducting Provincial Subventions | 36.9 | 106.5 | 246.5 | 323.5 | 329.2 |
| NET PUBLIC EXPENDITURE | 103 5 | 260.4 | 720.3 | 937.2 | 1071.0 |

1070.7

(Ref - 1938 Year book Citizens Research Institute of Canada - p 6 revised)

CHART-4

## PER CAPITA EXPENDITURE

ON CURRENT ACCOUNT,
BUT INCLUDING EXPENDITURE ON DIRECT RELIEF
WHETHER OR NOT FUNDED

| PER CAPITA NET EXPENDITURE | 1904 | 1913 | 1922 | 1930 | 1935 |
|---|---|---|---|---|---|
| | Dollars Per Capita | | | | |
| BY THE DOMINION from Governmental Revenue | 9.39 | 14.89 | 43.01 | 43.30 | 48.11 |
| BY THE PROVINCES after deducting Dominon Subventions | 2.05 | 5.28 | 10.12 | 16.84 | 19.75 |
| BY MUNICIPALITIES after deducting Provincial Subventions | 7.16 | 14.90 | 29.71 | 34.13 | 32.77 |
| NET PUBLIC EXPENDITURE | 17.76 | 34.12 | 80.76 | 91.80 | 97.93 |
| NET PUBLIC PER CAPITA EXPD. as modified by cost of living index 1913 – 100 | | 34.12 | 51.44 | 60.79 | 77.11 |

(Ref.: 1938 Year-book, Citizens' Research Institute of Canada, p. 6, revised)

119445



organization and effort, with the use of truth-spreading propaganda, on a grand scale and for a prolonged period. Nevertheless, the education of the people *is* possible and must be accomplished if we are to retain democracy.

A few months ago, when I became particularly interested in this subject, I found that comprehensive summaries and statements of the nation's business, intelligible to the average voter, did not exist. I was, of course, familiar with *The Canada Year Book*, *The Public Accounts*, and so forth, but interpretation of these required prolonged and intensive study which was not possible for the average voter. Later, I found excellent summaries and special studies relating to the nation's business in publications of *The Citizens' Research Institute of Canada*, *The Canadian Journal of Economics and Political Science*, *The Canadian Chartered Accountant* and other professional journals, in the *League of Nations* publications, and among the briefs submitted to *The Royal Commission on Dominion-Provincial Relations*, and elsewhere; but all of these are generally for specialists, have very limited circulation, and hence do not reach the average voter. Their interpretation by him, in any case, would be difficult or generally impossible.

### STATISTICS OF PUBLIC FINANCE

How then can public interest in the nation's business be created, and how can the public be properly educated? Before we proceed to consider this problem, let me first put before you selected statistics for those natural classifications of public finance—'*Revenue*', '*Expenditure*', and '*Debt*'—as they apply to Canada as a whole, to the Dominion government, to Provincial governments, and to the Municipal administrations, in an attempt to give you the general perspective. I will then discuss taxation briefly, and conclude with a general summary and my recommendations.

Chart 1 shows total public expenditures and revenue in Canada for a series of years from 1904 to 1935. Note that, even though revenue has increased rapidly, expenditures have increased more rapidly, with resulting serious deficits.

Chart 2 gives an analysis of public revenue. Note the importance of the sales tax in recent years, the growth in automobile and gasoline taxes, the tremendous growth in income taxes, realty taxes, and miscellaneous taxes, and particularly note the growth in total net revenues. Realty taxes increased from 28 millions in 1904 to 88 millions in 1913 and to 252 millions in 1935.

Chart 3 shows the growth in public expenditures in recent years and that the rates of increase for the Dominion, the Provinces, and the Municipalities have been fairly similar.

Chart 4 gives the same information as Chart 3, but on a *per capita* basis.

Chart 5 gives an analysis of governmental expenditures and compares the fiscal year 1926 with that of 1936. Note particularly the growth in charges for debt service and public welfare or social services, and note also the increase in total expenditure.

Chart 6 gives a picture of Dominion finance, 1911 to 1937, and discloses the alarming persistence of large deficits since 1931. Note the surplus during all of the late 'twenties'.

Chart 7 gives similarly a picture of Provincial finances and is of especial interest. Note the steady and rapid growth in revenue and expenditure until the early 'thirties', then the slowing-up in revenue but the continued growth

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119446



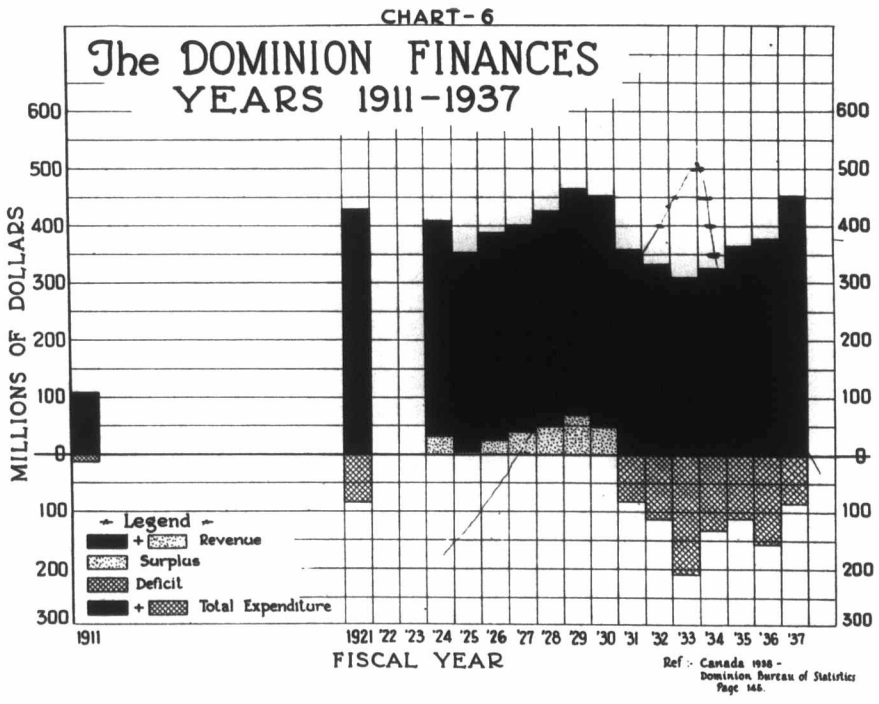
CHART – 5

## EXPENDITURE OF CANADIAN GOVERNMENTS ON CURRENT ACCOUNT – YEARS 1926 & 1936

| Activities Performed | AMOUNT IN MILLIONS OF DOLLARS 1926-27 | 1936-37 |
|---|---|---|
| DEBT SERVICE | 218.2 | 318.9 |
| PUBLIC WELFARE | 43.4 | 202.1 |
| EDUCATION | 128.6 | 131.6 |
| GENERAL GOVERNMENT | 73.7 | 82.6 |
| TRANSPORTATION | 83.1 | 79.6 |
| PROTECTION of PERSONS and PROPERTY | 58.2 | 79.2 |
| SOLDIERS' PENSIONS and HOSPITAL CARE | 44.5 | 54.4 |
| POST OFFICE | 32.4 | 31.9 |
| DEVELOPMENT and CONSERVATION of NATURAL RESOURCES | 12.7 | 16.6 |
| AGRICULTURE | 12.0 | 15.5 |
| MISCELLANEOUS and UNCLASSIFIED | 47.7 | 92.0 |
| TOTAL EXPENDITURE | 754.5 | 1104.4 |
| NET EXPENDITURE | 721.2 | 1070.7 |
| PER CAPITA | $ 76.31 | $ 97.10 |
| POPULATION | 9,451,000 | 11,028,000 |

(Ref. 'Canadian Taxation' Tax Conference Report № 160, April 30, 1938 - Citizens Research Institute of Canada.)

CHART – 6

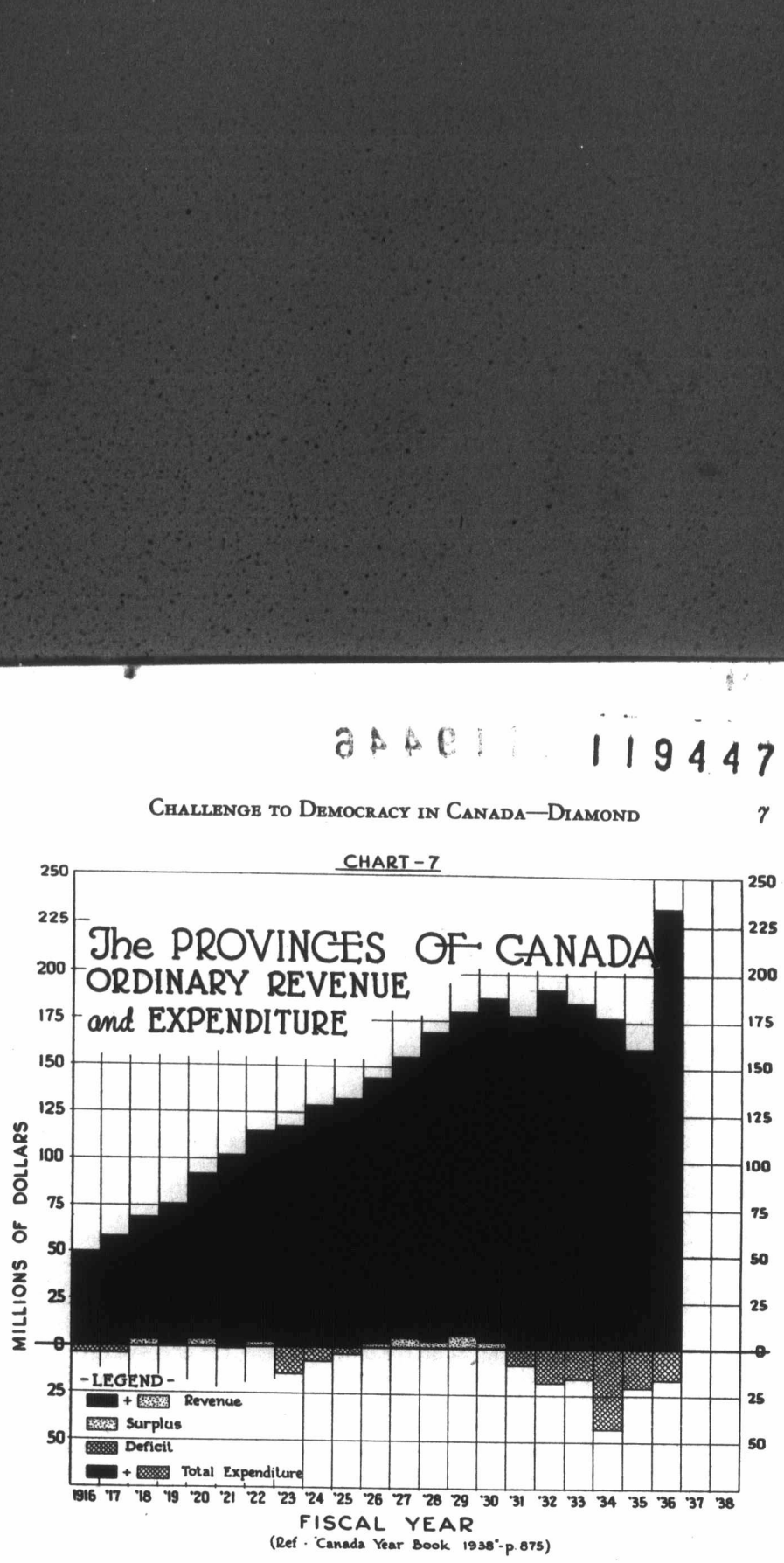



Ref :- Canada 1938 - Dominion Bureau of Statistics Page 145.

119447



CHART – 7




(Ref - Canada Year Book 1938 - p. 875)

in expenditures, with accompanying deficits. Note the tremendous revenue in 1936, and in spite of this a substantial deficit.

Chart 8 shows the growth in public debts. Unfortunately, the data for the fiscal year 1936 are not available. They would probably show a present public debt of approximately eight billion dollars and a *per capita* debt of well over $700.

Chart 9 shows the national income and the relationship between public expenditure and national income. Note particularly the tremendous falling-off in national income during depression years, and, in spite of this, continually rising public expenditures.

### TAXATION

Among the powers conferred on the Dominion Government by the British North America Act, subject always to the specific powers conferred on the Provinces and to the decisions of the courts, are the following: the right to deal with the public debt and property, the raising of money by any mode or system of taxation, and the borrowing of money on the public credit.

The Provinces were assured a certain income in subsidies from the Dominion treasury, and, through the ownership of their lands, mineral and other

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119448



natural resources, were assured additional income. Further, they were empowered to impose direct taxation within the province for the raising of revenue for provincial purposes and to borrow money on the sole credit of the province.

The Provinces have exclusive power to pass laws concerning municipal institutions. As might be expected, there is variety in the form of municipal organization; but all municipalities have this much in common, that the principal source of municipal revenue is real property. In certain provinces, the municipalities also impose 'personal property', 'income', and 'business' taxes. The power of borrowing money on the credit of the municipality is general. Grants of money from the provincial governments supplement the local revenues.

As a basis for a brief study of the general subject of taxation in Canada, we must recognize the fact that high taxes will continue with us for many years and that the present problem is not one of tax reduction so much as one of equitable tax distribution and of reduction in expenditure. We should also accept, as a cardinal principal of public finance, the balancing of budgets, but, for the immediate future, it may be expedient to have unbalanced budgets within reasonable limits, provided taxes and expenditures are reduced simultaneously for trade stimulation. We must not overlook certain economic and psychological effects of unwise or inequitable taxation, such as the effect of hidden taxes on the working man, the effect of excessive taxation on realty, and the effect of excessive income taxation in the higher brackets. Also, we must keep in mind that, with excessive taxation rampant, capital hesitates to assume the risks of investment in new industry, and the wealthy man is often provoked into taking his money out of the country. It should be apparent that, if funds in increasing quantities are diverted from the stream of business, to taxation, then the services rendered by the remainder must be correspondingly restricted and that such taxation of trade and industry may quickly pass the point of maximum returns. It should also be apparent that the higher the taxation of trade and industry, the more difficult becomes our competition in foreign markets. We *must* conclude, then, that high taxation constitutes a serious restraint of trade, and a serious cause of unemployment.

It has been said that methods of taxation in Canada in recent years have been determined by expediency rather than in accordance with sound principles. A detailed study has led me to conclude that this is the case and that adjustments are overdue. Let us now review briefly the four principal methods of taxation.

REALTY TAXES:

> "The possession of real property is rapidly becoming less and less an index of ability to pay, as modern forms of wealth have assumed many new shapes . . .
>
> "It is also clear that municipalities have been forced to adopt so many new obligations of a social or humanitarian nature, and at the same time have been increasing the efficiency of former duties, with an attendant increased expense, that the limit of the burden which real property can carry has been exceeded" (1).

(1) Report of The Municipal Taxation Commission, 1933 (British Columbia).

119449

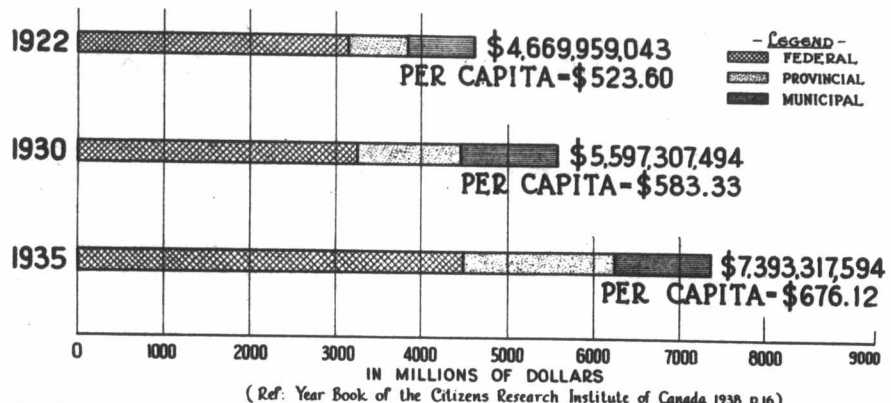


CHART-8

## TOTALS OF PUBLIC DEBT.

COMPRISING

PUBLIC DEBENTURE DEBT, CURRENT FEDERAL AND PROVINCIAL FLOATING DEBT, MUNICIPAL DEBENTURE DEBT, GUARANTEED DEBT (Except Municipal) LESS TOTAL SINKING FUNDS.



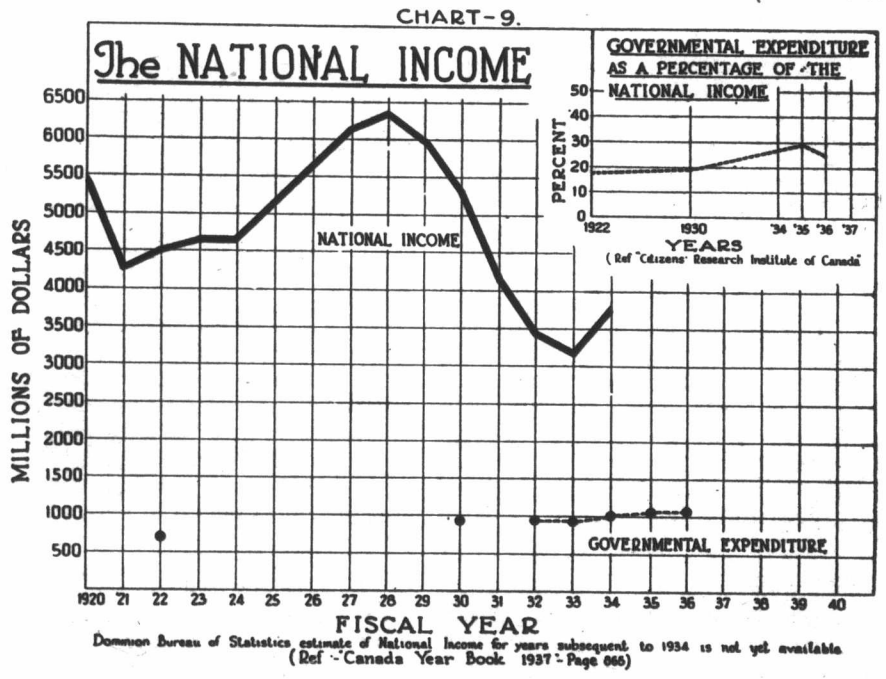

(Ref: Year Book of the Citizens Research Institute of Canada 1938 p.16)

1936

$ 7,426,415,851

Per Capita - $673.41

CHART-9.




Dominion Bureau of Statistics estimate of National Income for years subsequent to 1934 is not yet available
(Ref "Canada Year Book 1937" Page 666)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119450



Municipal taxes upon real property have become so burdensome that many city residents have been driven to lower-taxed suburbs, and, similarly, industry is so inclined.

The growth in the imposition of taxes upon realty in Canada in recent years is appalling when the effects of the tax are fully understood. Property values are, of course, generally fixed by their present or potential earning power; the higher the tax, the lower the earning power, and hence the lower the property value. With ever-increasing taxes, the plight of the property owner during recent years has become desperate and this is evidenced by the ever-increasing volume of tax sales, the falling off in capital values, the slackness in home building, and the unfavourable attitude toward home ownership. Sir Thomas White recently said:

> "Restore confidence in the freedom of real estate from too onerous taxation, and enterprise would quickly set the wheels of the building industry turning again".

In England, the taxing of real property is largely based upon earning power. In Canada, on the contrary, the taxing of real property is based upon appraised values, generally irrespective of earning power. Some Canadian authorities say that the English method is not applicable to Canada, but this is undoubtedly a debatable point. Regardless of this, there must soon be a downward revision of the taxes imposed by municipalities upon land.

CUSTOMS AND EXCISE TAXES:

I do not propose discussing *Customs and Excise Taxes* at length, realizing that the subject is very controversial. It is, however, safe to say that, while wise in principle, the tariff is undoubtedly responsible for a great deal of the unhealthy provincialism evidenced across Canada today, and to express the opinion that this is not generally realized. Undoubtedly, the present tariff policy works out to the great advantage of Ontario and Quebec and to the disadvantage of the Maritimes and the West. In the words of Professor Rogers, now the Dominion Minister of Labour:

> "It is our contention that the protective tariff from the time of its adoption has failed to meet the just requirements of a national policy in a federal state, that it has been haphazard in its growth, unequal in its incidence, and that it does not represent a fair compromise of the conflicting interests of the other provinces of the federation. The effect of the tariff has been to restrict external competition while internal competition has been left free. This has resulted in a lack of balance as between the various provinces of the Dominion. A truly national policy would take into consideration those industries which are dependent on the internal market. If this were done, the cost of the Canadian tariff policy to the seven economically oppressed provinces would be reduced".

INCOME TAX:

*Income Taxation*, in principal, is generally recognized as being one of the most equitable forms of taxation; but, as applied in Canada, many abuses exist. It is not a sufficiently general tax. Rates in the higher brackets are

119451



unquestionably too high. There is no uniformity between provinces, and numerous other criticisms can be made.

At the present time, less than 2 per cent of the people pay a Dominion income tax, and 1 per cent pay about 97 per cent of the total collections from individuals.

CHART-10

**PERCENTAGE OF INCOME TAXES TO GROSS INCOME-1937**

PAYABLE BY A MARRIED MAN WITH NO DEPENDENTS AND NOT ENTITLED TO ANY OTHER EXEMPTIONS OR DEDUCTIONS.

| GROSS INCOME- | CANADA & ONTARIO | U.S.A & NEW YORK STATE | GREAT BRITAIN |
|---|---|---|---|
| $ 2,500 | .89% | NIL % | 11.5% |
| 5,000 | 3.65 | 3.75 | 18.25 |
| 10,000 | 8.78 | 7.87 | 21.63 |
| 15,000 | 13.11 | 10.95 | 24.81 |
| 25,000 | 20.49 | 15.16 | 30.38 |
| 50,000 | 30.29 | 22.75 | 39.62 |
| 100,000 | 40.11 | 35.62 | 48.07 |
| 250,000 | 54.36 | 54.0 | 56.78 |
| 500,000 | 63.62 | 63.05 | 59.84 |
| 1,000,000 | 70.24 | 69.82 | 61.07 |
| 2,000,000 | 74.01 | 74.29 | 63.66 |
| 5,000,000 | 76.34 | 77.54 | 65.21 |

**With the exception of percentages for gross income of $2,500, figures are taken from *The Canadian Chartered Accountant*, April, 1938, article entitled "Income Taxes, Succession Duties, and other Direct Taxes in Canada, United States, and Great Britain, not including Taxes on Property", by W. L. Gordon, Chartered Accountant, Toronto.**

**Note.—The rate for Great Britain shown is that prior to the increase in the spring of 1938, from 25 per cent to 27½ per cent, or from 5s. 0d. to 5s. 6d. in the pound.**

Chart 10 shows very clearly the different application of the income tax in Canada, the United States, and Great Britain.

A much higher tax on the small incomes in Great Britain than in the other two countries, and a lower tax on the extremely high incomes, is of particular interest. The equity and the wisdom of the practice in Great Britain seems apparent. The interest of the small-income man in public affairs is assured, because his pocket-book is affected. Industry created by the high-income man is benefited and the net receipts from income taxes are greater.

SALES TAX:

The *Sales Tax* has, of course, proved to be a tremendous revenue producer, and as such has certain arguments in its favour. The principal criticism of it is that it is a hidden tax. It should be brought out into the open and prop-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119452



erly labelled. Due to its pyramiding effect, it is estimated that the sales tax increases the price of all manufactured goods in Canada approximately 12 per cent.

TAXATION IN CANADA, GREAT BRITAIN, AND UNITED STATES COMPARED:

Chart 11 shows the relative importance of sources of income in Canada, the United States, and Great Britain.

Note, particularly, the similarity of taxes in Canada and the United States, and the much greater importance of income taxes and of customs duties in Great Britain than in Canada. Note, also, that revenue from realty taxes in Great Britain is relatively much less than in Canada.

Is it not significant that in Great Britain, where direct taxation of income is more general and heavier than in Canada, interest in public affairs is more general and public finances are on a much sounder footing than in this country ?

CHART - 11

| RELATIVE IMPORTANCE OF THE DIFFERENT TAXES LEVIED IN CANADA, THE UNITED STATES and GREAT BRITAIN — — — IN PERCENTAGES. | CANADA | U.S.A. | GR. BRITAIN |
|---|---|---|---|
| REAL PROPERTY | 35.4% | 36.0% | 18.1% |
| INCOME TAXES | 16.7 | 20.8 | 33.8 |
| CORPORATIONS | 2.8 | — | — |
| ESTATE DUTIES | 2.6 | 3.2 | 9.6 |
| GASOLINE and AUTOMOBILE TAX | 7.7 | 8.8 | .1 |
| SALES TAX | 11.3 | 3.2 | — |
| EXCISE TAXES | 6.4 | 11.2 | 11.9 |
| PAY-ROLL TAX | — | 3.2 | — |
| CUSTOMS DUTIES | 10.7 | 3.2 | 23.1 |
| MISCELLANEOUS | 6.4 | 10.4 | 3.4 |
| TOTAL | 100.0% | 100.0% | 100.0% |

THE CANADIAN CHARTERED ACCOUNTANT, April, 1938 - Article entitled "Income Taxes, Succession Duties and Other Direct Taxes in Canada, United States and Great Britain, not including Taxes on Property". by J. L. Gordon, Chartered Accountant, Toronto.

EXPENDITURES

I will not attempt to discuss *expenditures* in any detail. Many economies are obviously possible and these have been summarized most capably in the various briefs submitted to the Royal Commission on Dominion-Provincial Relations. The most prominent of these possible economies are undoubtedly in the administration of Social Services, the Canadian National Railways, re-financing of loans, simplification of governments, and the elimination of duplication.

119453



CHART - 12.

SOCIAL SERVICE EXPENDITURES

| | 1926 | 1930 | 1936 |
|---|---|---|---|
| DOMINION | $ 1,005,000 | $ 11,327,000 | $ 71,716,000 |
| PROVINCIAL | 21,474,000 | 33,925,000 | 74,130,000 |
| MUNICIPAL | 20,961,000 | 33,658,000 | 56,262,000 |
| TOTAL | 43,440,000 | 78,910,000 | 202,108,000 |

(Ref: The Citizens Research Institute of Canada; private communication)

**Figures include direct relief, which was funded or listed as special or extra-ordinary expense.**

**They do not include education, protection of persons and property, recreation, or soldiers' pensions and hospital care, but they do include health.**

SOCIAL SERVICES:

The April, 1938, *Monthly Letter* of The Royal Bank of Canada gives a very interesting history of the growth of social services in Canada and I commend it to you for attention.

What all these social services have cost us is shown in Chart 12, compiled from data furnished by *The Citizens' Research Institute of Canada*.

Without doubt, many of these new social services are desirable and may be necessary, but they must be instituted only after most careful investigation and they must be in keeping with our ability to pay.

The following sound submission was made on behalf of the United Church of Canada to the Royal Commission on Dominion-Provincial Relations:

> "Whatever legislation may be enacted to promote social security, we believe that provision must be made to allow adequate expression for individual acts of self-giving on behalf of citizens.
>
> "We believe that only a solvent state can adequately maintain the welfare of its people. We would ask for recognition in all government policy of the fact that the ultimate basis of government is moral and that the bribing of the people with public money, the failure of governments to maintain contracts, the unwise administration of public funds, the desire to spend money far beyond the nation's ability to pay, spells ruin.
>
> "We believe that sound social-security legislation must be based upon knowledge gained through experience. As our experience in this country in such matters is meagre, the nation must be willing to take tentative steps".

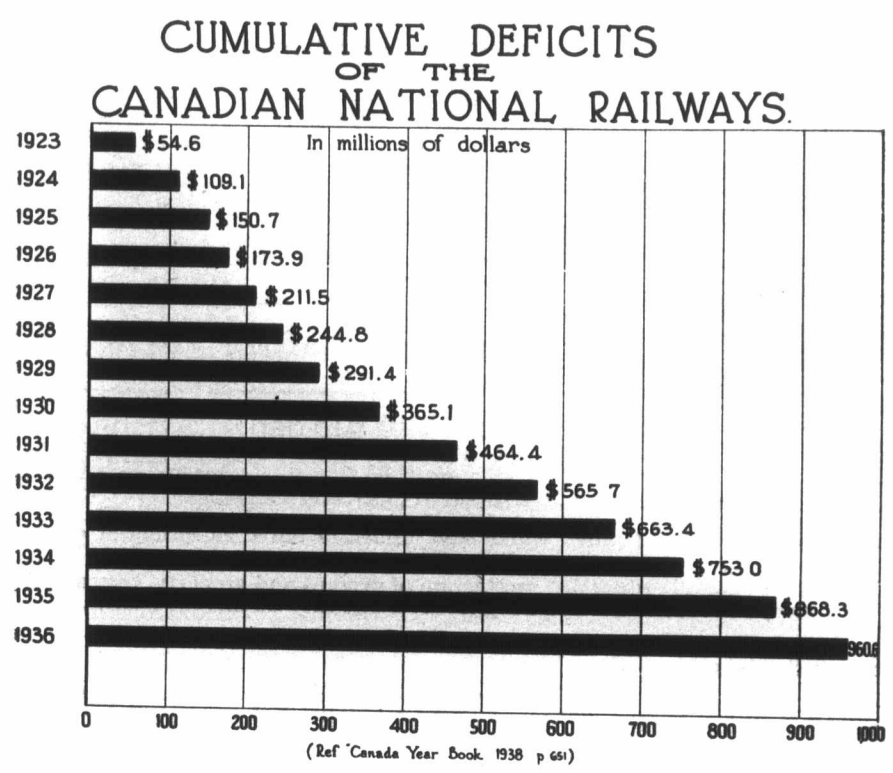
MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119454



CHART - 13




THE RAILWAY PROBLEM:

So much has been said about the *railway problem* in recent years that I will only remind you that the business of the Dominion of Canada is our business and the money spent by the Dominion is our money. *Are we content, then, to see wasteful duplication of railway services continue?*

Charts 13 and 14 show briefly the situation.

Note that, during recent years, cumulative deficits have been increasing about 100 million dollars annually and that competent authorities estimate that millions may be saved annually by logical unification.

## RE-FINANCING OF LOANS

No useful purpose can be served by attempting to establish responsibility for the public debt. The problem is, not where to fix the blame, but how best to profit by the lessons of the past and to plan for the future. History shows that, in other countries, material reductions in debt have been rare, and the possibilities of substantial budget surpluses, available for the reduction of the public debt of Canada, are perhaps remote. *Refunding* has given, and still offers, some promise of relief, but this relief must not be nullified by increased debt burdens.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119455

| | |
|---|---|
| Cumulative Deficit, including Government Loan Interest, 1923-36 | $ 960.6 mills. |
| Deficit, excluding Gov't Loan Interest, 1937,(1) | 43.1 " |
| do 1938,(1) | 57.0 " |
| Cumulative Deficit 1923-38 | $1060.7 " |

(1) See Notes 1 & 2, opposite page.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119456

1. Under the provisions of the Capital Revision Act, 1937, Dominion Government loans and unpaid interest thereon were transferred as of January 1, 1937 to the Securities Trust in exchange for Securities Trust Capital Stock and the interest on the loans so transferred no longer appears in the accounts of the Canadian National Railways. The capital advances made by the Government to the Canadian National Railways, represented by the Proprietor's Equity, amounted as at Dec. 31, 1938, to $672,688,591 in respect of which no interest was included in the income loss for 1937 and 1938.

2. The cumulative deficit was written off the books of the Canadian National Railways as at Jan. 1, 1937, under the provisions of the Capital Revision Act, 1937.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

19457

CHART-14

# NET REVENUES, INTEREST ON FUNDED DEBT & DEFICITS OF THE CANADIAN NATIONAL RAILWAY

In millions of dollars — YEARS 1923-35 — Ref. "Canada Year Book, 1937"

| Year | Net Operating Revenues | Net Corporate Income before deducting Interest | Interest on Public Debt | Interest on Dominion Government Loans | Debit balances to Profit & Loss Acct including Govt. Loan Interest | Cumulative deficits including Govt. Loan Interest |
|---|---|---|---|---|---|---|
| 1923 | 21.1 | 13.5 | 35.0 | 30.2 | 51.7 | 54.6 |
| 1924 | 18.0 | 14.7 | 38.3 | 31 2 | 54.8 | 109.1 |
| 1925 | 33.1 | 30.4 | 40.4 | 31.4 | 41.4 | 150.7 |
| 1926 | 47 4 | 41 6 | 39 2 | 32.1 | 29.7 | 173.9 |
| 1927 | 41.5 | 36.3 | 40.5 | 32.5 | 36.7 | 211.5 |
| 1928 | 54.8 | 44.4 | 41.8 | 32.5 | 29.9 | 244.8 |
| 1929 | 41.8 | 32.1 | 45.5 | 32.7 | 46.1 | 291.4 |
| 1930 | 22.0 | 15.7 | 51.3 | 32 7 | 68.3 | 365.1 |
| 1931 | 1.2 | Dr 5.3 | 55.6 | 32.6 | 93.5 | 464.4 |
| 1932 | 5 9 | Dr 4.0 | 57.0 | 35.5 | 96.5 | 565.7 |
| 1933 | 5.7 | Dr 3.5 | 56.5 | 36.0 | 96.0 | 663.4 |
| 1934 | 12.9 | 6.3 | 55.8 | 36.0 | 85.5 | 753.0 |
| 1935 | 14.2 | 4 6 | 53.4 | 36.0 | 84.8 | 868.3 |
| 1936 | 15 1 | 6.0 | 49.2 | 36.4 | 79.6 | 960.6 |
| 1937 | 17.6 | 4.6 | 48.9 | - (1) | 42.0 | (2) |
| 1938 | 6.1 | Dr. 4.6 | 49.8 | - (1) | 54.5 | (2) |

## Conclusion

In this paper I have tried to present a brief but comprehensive picture of public finance in Canada today. It is apparent that this situation is so serious that, if we allow a drifting policy to continue, it must become acute, and the day of reckoning will not be far distant.

A year ago, high hopes were held for appropriate action following the report of the National Employment Commission. While some results have followed, our hopes have not materialized. A few months ago, high hopes were held for the outcome of the work of the Royal Commission on Dominion-Provincial relations. We now hear the opinion expressed on all sides that, because of the attitude of Ontario and of Quebec, nothing is likely to be accomplished as a result of this splendid endeavour.

These are typical cases of government apathy fostered by our individual attitudes. There's a job to be done in Canada, for Canada, and for democracy, but it is *not* done because we allow indifference and political considerations to over-rule common sense.

This job cannot be done without an interested and informed electorate. I have already referred to the difficulties encountered by the average voter if he searches for a comprehensive and easily understood summary of the nation's business.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119458

I propose, as the first step in the establishment of interest and knowledge, that such information be made easily available to him by the publication and widespread distribution, in the press and in pamphlet form, of a brief, interesting, and easily understood

*VOTERS' EDITION*
*of an*
*ANNUAL REPORT ON THE*
*PUBLIC FINANCES*
*of*
*THE DOMINION OF CANADA*
*and of its*
*PROVINCES AND MUNICIPALITIES*

prepared by some responsible non-political body, endorsed by representative industrial, commercial, professional, labour, religious, and other groups across the Dominion, which, together, would constitute a cross-section of the people and thus disassociate the volume from the possibility of any charge of misrepresentation or partisanship.

As a second step I propose that local groups be formed in strategic centres across the Dominion for organizing and prosecuting educational campaigns. Naturally, these groups should be non-political, and co-ordination between them would be desirable.

There are undoubtedly numerous other steps that might wisely be taken, and I appeal to you to appraise seriously the present situation and to support whole-heartedly all worthy efforts to correct it.

It has been aptly said that the greatest challenge to democracy is lethargy and complacence. Let us shake off this lethargy and complacence. Let us recognize Canada's business as *our* business. Let us once more place the ideal of an informed democracy in the high position it deserves and let us go forward as Canadians and put our house in order.

## SELECTED BIBLIOGRAPHY ON PUBLIC FINANCE
### (With Special Reference to Canada)


CANADA YEAR BOOK.

DOMINION OF CANADA AND PROVINCIAL PUBLIC ACCOUNTS.

YEAR BOOK OF THE CITIZENS' RESEARCH INSTITUTE OF CANADA.

(CANADIAN TAXATION) Tax Conference Reports; Citizens' Research Institute of Canada.

REPORT OF THE MUNICIPAL TAXATION COMMISSION 1933, Province of British Columbia.

PROVINCIAL BRIEFS SUBMITTED TO THE ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS.

BRIEF SUBMITTED TO THE ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS, by The Canadian Chamber of Commerce, 1938.

BRIEF SUBMITTED TO THE ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS, by The Canadian Manufacturers' Association, 1938.

BRIEF ON SOCIAL SECURITY PRESENTED TO THE ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS, by The United Church of Canada.


119459




THE ROYAL BANK OF CANADA MONTHLY LETTER of April, 1938.

PUBLIC FINANCE, 1928-1937.—PART 33: CANADA; Economic Intelligence Service, League of Nations, 1938.

FINAL REPORT OF THE NATIONAL EMPLOYMENT COMMISSION, January 26th, 1938.

DOMINION OF CANADA INCOME WAR TAX ACT, 1936 edition.

PROVINCIAL TAXATION RESPECTING CORPORATIONS AND INDIVIDUALS; prepared by the Dominion Association of Chartered Accountants, 1936.

CANADIAN CHARTERED ACCOUNTANT, April, 1938: Article entitled "Income Taxes, Succession Duties, and Other Direct Taxes in Canada, United States, and Great Britain," by Walter L. Gordon, Chartered Accountant, Toronto.

CANADIAN JOURNAL OF ECONOMICS AND POLITICAL SCIENCE (Toronto), May 1936: Article "The Problem of Public Debt in Canada," by D. C. MacGregor.

SCIENCE OF PUBLIC FINANCE, by G. Findlay Shirras, Volumes 1 and 2, 3rd edition; MacMillan Company, 1936.

PUBLIC FINANCE, by Lutz, 3rd edition; Appleton Century, 1936.

TRENDS IN MUNICIPAL DEBT IN CANADA, by Thomas Bradshaw, 1936; Municipal Finance Officers' Association of the U.S. and Canada.

STATISTICAL ABSTRACT FOR THE UNITED KINGDOM, for each of the fifteen years 1913 and 1923 to 1936 (H.M.S.O., London, 1938).

COST OF GOVERNMENT IN THE UNITED STATES; published by National Industrial Conference Board.

BIBLIOGRAPHIES ON CANADIAN ECONOMICS; University of Toronto Studies and Canadian Journal of Economics and Political Science.

CANADA, 1938; Dominion Bureau of Statistics.


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES

ARCHIVES PUBLIQUES

CANADA

119460

320 Bay Street, Toronto,
April 12, 1939.

Mr. F. H. Widner,
359 Cameron St.,
Sarnia, Ont.

Dear Sir:

I have your letter of April 9th which I have read very carefully. The case you make is very much the same as that made by Professor MacDougall. His insistence was also that owing to the artificial and obsolete regulations compelling far more men to be used than are necessary, the entire cost is too high and contributes to the annual loss. Specifically, though, he took the same view as you as to the unfair advantage given the senior men. You may be sure your point of view will be before the Committee.

Yours very truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[1946]

Sarnia April 9-39

Senator A. Meighen
Ottawa.

Dear Sir:-

I would appreciate it very much if you would put the following information before the Senate, Rly. committee because I was very much impressed with the report of Professor Macdougalls to which he made before the Rly committee, which was the truest words ever spoken befor a Rly committee, on the matter of higher miles for Senior Conductors and Engrs on the C.N.R. Its not the high rate of pay paid to these Rly men but the high miles that they are allowed to make, and the Junior men are made to suffer in order, that the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119462

senior men may have all the work, I will quote to you if the management at Montreal were to cut their time that is cut their days which means miles because they are allowed at present to make 3800 to 4300 miles per month and 100 miles per day at $4.84. a hundred for brakeman and a higher rate for conductors, so if the miles were cut to 2600 miles per month that is shared up the miles and spread the work amongst their junior fellow man.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

3

119463

2600 miles ~~a~~per month at $1.84. a 100 would give a trapeman $121.84. per month. as it is now. 3800 miles at $1.84. a 100 miles per day gives a regular trapeman $183.92 and this varies from month to month higher. so you see what it would do if the miles were cut. I have to use the word miles instead of days or pay. because we are paid by the mileage rate, this isn't new to the goverment we have been trying to get the management to cut miles and also the Dept of Railways to beat

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

4

119464

Pressure on the management at Montreal to interfer because if they can interfer to cut the rate of pay and then restore it, surly they can do the same to their hundreds of laid off firemen and trainmans, for which their loyal servies of long years of servis should be given the same considerations as the senin who are growing it all. I myself was laid off in 1930 and was not recalled till 1937 at that time they got good hearted and cut the miles to 3500 miles per month that put me to work,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

198465

but they just couldn't
stand to see all the men
being called back. so
they raised their miles
back to 3800 and el
and Hundreds of others
were laid off within
30 days, el was laid off
Jan 20 - 38 and am now
on relief, el don't altogether
blame the management
but they should interfere
when the other man wants
it all, if the minister
of transport would
bear pressure on the
management at Montreal
they could put in effect
in 30 days 2600 miles because as
Professor Macdougalls

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

6
119466

reports as long as these obsolete agreements between the management and the running trades are allowed to exist they are keeping us from going to work. hoping you will bring this before the Senate Rly committee.

Sincerely
H. N. Wilmer
305 Cameron St

Sarnia, Ont
laid off Brakeman, C. N. R
on welfare

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

JUDGE EMERSON COATSWORTH
President

W. F. GREENFIELD
General Field Secretary

119467

DALTON J. LITTLE,
Secretary-Treasurer

Telephone: EL. 3953

# CITIZENS' GROUP FOR RAILWAY ACTION

611 Temple Building,
TORONTO 2, ONTARIO

April Fourteenth,
1 9 3 9.

Rt. Hon. Arthur Meighen,
The Senate,
Ottawa,
Canada.

Dear Sir,

By direction of a meeting of the Toronto members of the Citizens' Group for Railway Action held in the City of Toronto April 13th, 1939, I was instructed to forward the enclosed resolution to you.

Yours very truly,

CITIZENS' GROUP FOR RAILWAY ACTION

Dalton J. Little

DJL:D
Enc

Secretary-Treasurer

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119468

CITIZENS' GROUP FOR RAILWAY ACTION
MEETING OF TORONTO MEMBERS
HELD IN CITY OF TORONTO
April 13, 1939.

**RESOLUTION**

WHEREAS the national railway problem is such as to involve the expenditure of upwards of $1,000,000 per week of the taxpayers' money;

AND WHEREAS a solution of this problem appears to be attainable by way of pooling of services, elimination of unnecessary duplication, or some other method;

AND WHEREAS the elimination or substantial reduction in the cost to the taxpayers would remove one of the obstacles to national recovery;

THEREFORE BE IT RESOLVED that this meeting of Toronto members of the Citizens' Group for Railway Action go on record as approving the action of the Board of Directors in promoting, by publication of "Railway Facts" and otherwise, the dissemination of information to the public at large on this grave question;

THAT in our opinion the inquiry by the Special Committee of the Senate should be pursued with the object of finding the best possible solution of the problem and of urging that the Government bring about the greatest possible savings in the maintenance and operation of an adequate but not extravagant railway establishment;

THAT in view of the disparity in estimates of possible savings under various plans advanced by officers of the government and of the principal privately owned systems there should be an examination of those estimates by independent

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119469

experts and that the Government should provide necessary funds for that purpose;

THAT pending adoption of a plan for dealing comprehensively with the problem all expenditures of a capital nature be deferred, and more especially the expenditure on the Montreal passenger terminal until it has been shown conclusively that such expenditure is in the interest of the taxpayer and will not prevent or retard the adoption of a solution of the problem whether by way of pooling, co-operation, co-ordination or unification or of any other programme which may finally be adopted; and

THAT copies of this resolution be sent to the Prime Minister, the Leader of the Opposition, the Joint Chairmen of the special Senate committee, the Government leader in the Senate, the leader of the Conservative party in the Senate, the Minister of Transport, and the Toronto and York members of the House of Commons.

CARRIED UNANIMOUSLY

E. Coaseworth
President.

Wellington J. Smith
Secretary-Treasurer.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119470

President: E. H. COOK
216 Avenue Bldg., 265 Portage Ave.
Winnipeg, Man.

Vice-Presidents:
W. M. SWINWOOD, H. STEPHENSON, J. A. KERR, J. R. ROSE,
W. G. GOODWIN, J. H. DOWLER, H. H. KRINKS

General Sec.-Treas.: S. A. MILNER
216 Avenue Bldg., 265 Portage Ave.
Winnipeg, Man.

# The Canadian Association of Railwaymen

Registered Under the
"Trade Unions Act of Canada"
Office:
ROOM 216 AVENUE BLDG., 265 PORTAGE AVE.

(AP)

5/

April 14, 1939.

Right Hon. Arthur Meighen,
The Senate,
Ottawa, Canada.

Dear Sir:

On instructions of the Winnipeg Joint Lodges, Canadian Association of Railwaymen, in regular meeting on April 9th, I would advise that -

The Executive Board of the Canadian Association of Railwaymen, in regular Executive session, February 8th, 1939, unanimously went on record, as follows:

> THAT this Association is opposed to co-ordination or amalgamation of the Railways, unless the interests of the workers are fully safeguarded.
>
> FURTHER, that this Association is opposed to any plan for coordination, unification, or amalgamation, except under public ownership of the Railways.

Respectfully yours,

J. Bryant

Secretary, Winnipeg
Joint Lodges.

JB
oe

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119471

#5

320 Bay Street, Toronto,
April 15, 1939.

Hon. C. P. Beaubien,
84 Notre Dame St. West,
Montreal, Que.

My dear Senator:

I have yours of 13th. I do not think the question of wages as between one class and another class is part of the work of the Committee. It is important, no doubt, but whether the wages are given to one class or the other does not affect the burden of the C. N. R. on the public appreciably anyway.

Yours sincerely,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119472

THE SENATE
CANADA

Office of the Hon.C.P. Beaubien,
84, Notre-Dame St. West.

Montreal, April 13, 1939.

Right Hon. A. Meighen, K.C.,
President,
Canadian General Securities,
320 Bay Street,
Toronto, Ont.

My dear Chief:-

I have just received a letter from two junior men of the running trades of the railways, wishing to be heard before our Special Committee.

They complain that the senior men in these trades allocate to themselves a much larger portion of the work than is justified, the result being that the junior men are continually laid off. They further claim that if the seniors were allowed an equivalent of some $200.00 a month, then work could be passed on to some 15,000 men now idle, which would provide for a very large portion of our population now destitute.

I can't help thinking that these junior men of the running trades should be heard, but I would very much like to know your own opinion on the subject.

Very truly yours,

CPB-AG

C. P. Beaubien

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

O. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
OF THE ONTARIO BAR
MELVILLE B. GORDON
CHRISTOPHER ROBINSON
OF THE QUEBEC BAR

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

119473

CABLES
LAURENTIAN, OTTAWA
TELEPHONE 2-2468

OUR FILE No. 2090-2

April 17th, 1939.

The Right Honourable Arthur Meighen, P.C.,
The Senate,
Ottawa, Ont.

My dear Senator,-

Re: Railway Enquiry

In order that you may know the present situation with regard to the memorandum as to last year's evidence I enclose copies of a letter I received on Saturday from Mr. Hungerford and of the reply I have made to him today. His real quarrel with the memorandum seems to be that it deals with the question of economies item by item instead of dismissing the whole idea of economy by unification as illusory. That this view is a possible one is indeed suggested in my memorandum of last year, but it seems to me to be one which must be based upon an estimate by the Committee of the force of the evidence, not upon its formal content, and not one which can be usefully discussed in such a memorandum as that in question.

Yours very truly,

BER

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CANADIAN NATIONAL RAILWAYS 119474

Montreal, 15th April, 1939.

Dear Colonel Biggar,

As requested in your letter of April 6th I have reviewed the printer's proof of your memorandum.

Ordinarily I would prefer not to comment upon such a document prepared by you at the request of the Senate Committee, but absence of comment, on my part, might be construed as meaning that I found myself in agreement with it. This is far from being the case.

It would perhaps be improper for me to comment upon the way in which the memorandum presents the Canadian Pacific estimate of $75,000,000, but I must protest against the way in which the Canadian National evidence as to the impracticability of this estimate appears to be minimized in your memorandum. Anyone reading the memorandum would surely get the impression that the Canadian Pacific Railway had submitted a sound and well documented estimate of savings possible from unification. He would also gain the impression that the Canadian National officers criticized the estimate in minor detail only and without to any degree suc essfully controverting it. This, I must say, is not my understanding of the force of the evidence which shows that I, and other Canadian National officers, pointed out that the estimate was not prepared in sufficient detail to allow of a careful analysis of it; that The Canadian Pacific positively refused to disclose essential data of what was contemplated or of what underlay their calculations and proposals; that to the extent there was an exposure of detailsas, for instance, in the case of line abandonments, the impracticability of much of what was proposed by the Canadian Pacific Railway was clearly shown; that the Canadian Pacific estimate presumed to deal with Canadian National conditions without a knowledge of them; that the estimate contained serious inaccuracies; that it was not applicable under present-day conditions; that the year 1930 could not properly be taken as a base year for future operations and that in no sense could it be considered as an estimate of tangible and realizable economies.

I do not find that your memorandum deals adequately with the evidence of the Canadian National officers and consequently, the tendency of the memorandum is to give an impression of reality to the $75,000,000 estimate as being, in

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.J. 9475

a large measure, realizable which, in my judgment, as expressed to the Committee is little short of absurd. The same observation applies to he Canadian Pacific claim of $59,740,000 annual savings under present-day conditions, particularly in view of the tremendous reductions in expenses which have already been made in every department of the railways. As I stated to the Committee, I cannot too forcefully emphaskze my conviction that savings of anything like this order could never emerge.

My criticism of theoretical estimates applies alike to the Canadian Pacific estimate and to the estimate submitted by Mr. Fairweather to the Royal Commi sion, although in the latter case Mr. Fairweather plainly warned the Commission and the Senate Committee that it was only a theoretical study of what might be attempted under monopoly conditions, but tht it was not realizable in fact.

I note in your letter that you desire that comments be prepared on any points in which the memorandum appears to require correction or expansion. I have had an analysis of the memorandum made and I am sending you a copy of it herewith. This analysis can by no means be considered exhaustive, beceuse you will appreciate the impossibility of making it so, in the short time which is available. It is furnished you, however, in the hope that it may enable you to recast your memorandum in a form which could be said to mpresent the force and effect of the evidence given by the Canadian National as to the unsoundness, inaccuracy and impracticability of the Canadian Pacific estimate of $75,000,000.

Yours very truly,

(SGD). S. J. Hungerford

President.

Col. O. M. Biggar, K.C.,
c/o Smart & Biggar,
Victoria Building,
Ottawa, Ontario.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

G. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
MELVILLE S. GORDON
CHRISTOPHER ROBINSON

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

119476

CABLES
LAURENTIAN, OTTAWA
TELEPHONE QUEEN 465

OUR FILE NO. 2090-2

April 17th, 1939.

S. J. Hungerford, Esq.,
President,
Canadian National Railways,
Montreal, P. Q.

Dear Mr. Hungerford,-

Your letter of the 15th reached me about ten-thirty on Saturday night. I gather from it that you do not think the memorandum under discussion is the kind of memorandum which should have been prepared at all. In this you may be quite right. I was most reluctant to undertake its preparation, but felt obliged to comply with the instructions I received. If they are rescinded my only feeling will be one of relief.

The memorandum in accordance with those instructions was intended to be expository, not argumentative. It was designed to serve as a guide to the evidence which was in fact given on the subject of the sums in dollars which might be saved under each of a large number of specific heads, not to estimate the weight or force of that evidence.

Some of the comments you transmit with your letter are pertinent and useful. I have amended the expressions in the memorandum to meet these; others seem to indicate a

NOTE—THE FOREGOING COPY IS SENT FOR YOUR INFORMATION

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.I.9477

misunderstanding of its purpose. Questions of state policy such as the comparative advantages and disadvantages of a railway monopoly are quite outside its scope, and since no one is being either praised or blamed this is equally true of the reasons why in the absence of independent enquiry individual witnesses were unable to be of any assistance to the Committee on the points withwhich the memorandum deals.

Further comments drafted with these considerations in mind and preferably proposing specific expressions in substitution for those to which exception is taken on the ground of their inaccuracy or incompleteness would still be most welcome, and there seems to be no reason why these should not extend to suggestions with respect to the points raised in your letter for which no page references to the evidence are given.

As to time, prints of the memorandum have been in your hands for almost as long as it took to prepare. I am having it reprinted as corrected in the light of the comments I have received, and do not think there should be any difficulty in postponing the final printing until your officers have had abundant opportunity to suggest all the changes and additions which should be made in order that the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.T.9478



memorandum may be a complete and accurate guide to the evidence.

Yours very truly,

BER

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119479

O t t a w a,
April 18, 1939.

C. A. Magrath, Esq.,
841 St. Charles St.,
Victoria, B. C.

Dear Mr. Magrath:

Thanks very much for your letter undated, together with enclosure of the paper you recently read. These are indeed interesting. You have the right idea about the Railway situation. I only wish it were an idea more generally accepted throughout Canada.

Yours sincerely,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

841 St. Charles Street
Victoria, B.C.

119480

Re Unification of Railways.

Dear Senator:

I notice in the morning paper that Mr. C. W. Peterson has suggested to the Senate Committee a plan for creating a Directorate. In case you may not have seen what I have said on the Subject, I am enclosing a marked copy of my paper on "Some problems involved in the expansion of Canada", which appeared in the January number of the Engineering Journal.

I refer to my experience on the International Joint Commission with its equal representation, and because of that experience, I expressed the belief that if the two railways "were brought together on a basis of equal representation, the time would soon come when they would find themselves working as one, and just as satisfactorily as they are now separately and to the benefit of our country--which means the employees as well".

My thought is a small Board consisting only of the Presidents and certain officers of each Company. It would be a "try-out" for a few years. They would soon appreciate that they must reach common ground. Then, later on, they might come forward with a proposed permanent arrangement based on experience rather than to elaborate something today based on theory.

During that "try-out" period, if they should require new capital, my idea is that the National road would have to go to Parliament and the other to its own Company, either having the right to turn down the proposed new expenditure.

The problem is also to pull the National road out of political party management. I believe the present Minister of Transport is a capable business man and a man of integrity. If he has to find a directorate for the Government Road, he confines his efforts to his own political party--that is the custom. Whereas, should he happen to be a political party bigot and had to find a man for an important position in his own business, he absolutely forgets his politics. I am not suggesting that Governments will not try and find capable men, but they are political appointments and out they go when the Government changes, meantime they have political critics while in office.

My hope is that something of value to our transportation problem will come out of the Senate investigation.

With kind regards,

Yours sincerely,

J. P. Mackenzie

Rt. Hon. Arthur Meighen,
The Senate,
Ottawa.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119481

# SOME PROBLEMS INVOLVED IN THE EXPANSION OF CANADA

C. A. MAGRATH, LL.D., HON.M.E.I.C.
*Past Chairman, International Joint Commission*

**Paper to be presented before the General Professional Meeting of The Engineering Institute of Canada, at Ottawa, Ontario, on February 15th, 1939**

**SUMMARY—The author develops a theme whereby the interest of men of the "Empire Builder" type could be obtained as a means of helping to solve the western dry areas problem. Engineering investigations should be advanced and some definite move forward must be made without loss of time as there is a limit to the courage of even the best of a fine people. As an instance of other major problems in Canada requiring immediate solution, he also refers to the railway problem, advocating a unified management.**

"Wherever I travel I try to point the vision of men and women to the great domain that lies beyond the reach of rails and roads and cities as the foremost of all Canada's possessions. What has been our attitude? What but to exploit and plunder for an individual's bank account! The common interest, the good of the nation, the legacy to the future—these have been handy bits of banquet oratory, but they have had little to do with the actual economic management of the country's natural resources."

*Grey Owl's Message.*

The above arresting statement by an amazing man, whose life was almost entirely spent in the wilds of our interior, was made in an effort to awaken the vision of our people. There is some excuse for those with "bank accounts," which includes our most capable business minds, not getting "beyond the reach of rails and roads," but none for not knowing more about the rural life of our country and its problems. The successful man in our large enterprises only became so through digging into the very vitals of the work he was expanding. The countryside is largely "known" to most of our prosperous men as seen from the windows of railway carriages or from motor cars.

Many can go abroad from time to time for a month or so, but would it occur to any to spend a few weeks in driving through large portions of our country, developing contact with people on the land—the real makers of a nation—and using that fine capacity of theirs to see in what way the condition of our people could be bettered? I quite understand that many would feel that they had no right to interfere in the affairs of others, but their object would soon become evident to and be appreciated by the people. Contact between what I will call the centre and the circumference should result before long in greater contentment in our rural sections, and it is certainly necessary. I believe that was the basic thought in the mind of Grey Owl when penning that message to our people.

The building of a country is largely the task of engineers, and in addressing the members of The Engineering Institute of Canada, I propose dealing with the subject in a large way—a fitting method for a country of Canada's dimensions. My main object is to bring to your attention a major problem on our western plains, a problem which calls for immediate consideration.

The European situation appears to be clearing up, and let us hope that a very definite improvement is but a short way ahead, so that we may pull ourselves together and courageously face some of the larger development problems involved in our expansion. It at once brings to my mind the necessity of reviving the "Empire Builder." Canada owes its foundation to the empire builders of the French regime; their descendants to-day are a splendid people, whom to know is to appreciate. Sometimes I express the wish that another Company of Gentlemen Adventurers would come along with a further supply of that stock brought to us via the Hudson's Bay. Then a little over half a century ago, a few Scots took hold of the Canadian Pacific Railway project, which turned out to be a great piece of empire building.

I fear our people do not appreciate what that project has meant to our country—an undertaking to extend a railway across the Continent, when Canada had less than five million people! I was out on our western plains all through the period when that road was being built. I believe I am well within the mark when I say that within the territory between Winnipeg and the Pacific Ocean—a distance of 1,400 miles—the total value of improvements, such as Hudson's Bay Posts, etc., did not at that time exceed a value of $1,000,000. That group of Scots had to contend with difficulties in crossing our mountain ranges greater than any other transcontinental railway. Look at the development to-day to be found in that territory, and largely due to the courage of those empire builders! Not only has their enterprise left us a great railway system, but a fleet of ships which are to be found sailing the "Seven Seas." It is true we gave them a considerable cash subsidy, as well as a large land grant. I believe their expenditures in promoting the settlement of those lands, and otherwise aiding in opening up our country, have been double the grant of money they received from Canada.

If we have no obligation to that Company, as some appear to think, we certainly have to our own pockets, which we do not seem to understand. I say this in view of our indifference to the necessity of bringing our two railway systems into one operating organization. I am absolutely against, not only our buying the Canadian Pacific Railway, but am equally opposed to our selling to that Company our National Railways, because it would be utter madness to attempt the former, and nothing short of disgraceful to do the latter, without obtaining for it some reasonable measure of its cost, which is well beyond the horizon of the present generation.

I am aware Great Britain had its "rotten boroughs" in the past. To-day its political system is second to none in the world, and it has a great public service as well. The reason largely is, that its people have a proper appreciation of their responsibilities to the public servant, which I regret to say is not yet properly understood in Canada, and to the detriment of our own fine service. I am aware our parliamentary methods are making good headway, though the principles of the cricket field would be helpful to us all, including political life. My definition of political partyism, made in a moment of levity, has a measure of truth in it. It is, that should the government of the day decide on a policy urging the people to work heavenwards, those in opposition would dissent, claiming that due to our rigorous Canadian winters, an occasional visit to Hades would have its advantages.

Such an attitude has destroyed in me any confidence in political party control of a business organization, no matter how absolutely fair the government may be to the management. In a privately owned property, the directors are behind their organization, in foul as well as in fair weather, but in the case of a publicly owned property, the moment the wind changes, be it a gentle zephyr or a wild hurricane, there are those amongst the opponents of the government on the alert to start a campaign against the property, even

**REPRINT OF PAPER PUBLISHED IN THE JANUARY ISSUE OF THE ENGINEERING JOURNAL**
***All publication rights reserved by The Engineering Institute of Canada***

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119482

through an attack on the management of the property. In the meantime the public does not interest itself in the problem, apparently on that unsound assumption, "that which is everybody's business is the business of none."

If these two transportation organizations, operating in the same territory, were owned by the country they would quickly be brought under one management and the same thing would happen if they were privately owned. Both reached their present expansion largely before Canada started out to spend millions in the construction of highways. No one will criticize the expansion of our highways but we should not forget that they exist for transportation purposes, and consequently a revision of our railroad activities seems absolutely necessary.

In my time in Parliament, railway charters could be had for the asking, the doctrine being that competition would regulate railway rates. It failed in that respect, and left us overburdened with railroads. Is it unreasonable to say that if the State finds itself operating a public service—fairly recently acquired—in the same field as one it had authorized many years before, and is unwilling to have the two services reach common ground for the benefit of both, that it should be willing to come to the financial assistance of the privately owned one as well as its own?

As a result of my long experience as a member of The International Joint Commission, dealing with issues between Canada and the United States, I am not alarmed about "unification." Each country has been represented on this organization by three members, and with equal voting strength, it was astonishing how quickly confidence developed between the two groups. I have confidence in the capacity and integrity of the managements of our two railway systems, and I believe if they were brought together, on a basis of equal representation, the time would soon come when they would find themselves working as one unit, just as satisfactorily as they are now separately, and to the benefit of our country, which means the employees as well.

The development of our vast country, with our quite inadequate population, will at times force upon us large and difficult problems. Let me remind you that Canada's population moved forward about 6,000,000 in the last 37 years, and stands to-day at 11,000,000, while our good neighbours increased in the same period about 53,000,000, with a total now of about 129,000,000. I am quite satisfied that Canada has great natural wealth. It is not amiss, however, to occasionally bring together a few figures and give some play to our imagination as to our future.

It was the terms of British Columbia's entry into Confederation that forced upon us the construction of the Canadian Pacific Railway, which was only made possible by the use of some of our natural resources. Could they be put to better use than in helping to expand our country's opportunities, especially as we will still have the advantage of such wealth as they may afterwards produce?

Instead then of continuing the policy of handing over large blocks of our northern territory to our Provinces, with populations of but a few people per square mile, and nothing being done with the added territory, except by Ontario, which built a railway to James Bay, would it not be much better for our Dominion Government to retain the balance of that northern country, and see if it is not possible to work out a plan, by which some of its resources could be used in helping to finance large development projects, which our governments, Dominion and Provincial, are unable to further under existing conditions. I am not suggesting that it is an easy task to find such a plan, but it is our responsibility to make a determined effort to that end. Negative attitudes will not make Canada.

I cannot emphasize too strongly the necessity of our best business minds dropping that apparent indifference, when anything out of the ordinary, looking to an improvement in our national methods, is brought to their attention.

I now propose discussing a major problem, the one which is responsible for my undertaking this paper. The subject is the improvement of land settlement conditions on that area in our Mid-West frequently referred to in the past few years as the "drought area," and to others in the long past as "the treeless plains," fully 100,000 sq. mi. in extent. I find F. H. Peters, M.E.I.C., Surveyor General and Chief of our Hydrographic Service, has prepared a very interesting paper on irrigation, the main agency for improving conditions in that territory. No one is better qualified to do so, as some years ago he was our Commissioner of Irrigation. I will therefore endeavour to develop my views on the same subject, without duplicating his arguments.

While I have never lost my interest in that western country, my close contact with it was during the thirty years ending in 1910. In the latter third of that period, settlers could not be kept off our public lands. Hardships did not deter them. Their sod huts were a common sight scattered throughout the country. To-day land settlement is shunned—another national problem that has to be faced at an early date.

I was on those plains shortly before the buffalo disappeared. Grass—much of it being a short curly variety and known as "buffalo grass"—was to be found everywhere for our horses, but this was not the case with water. My theory is that a territory with good soil and *ample* moisture in the state of nature will be found covered with timber; whereas if without timber, and the soil is good, then there must have been a shortage of moisture. Regardless, however, of theories, that particular area in the last sixty years to my knowledge has had its periods of insufficient rainfall, and towards the end of every such period, an agitation would develop for putting to use the available water for irrigation; especially was that true in the western end of the area. Then with the return of the "wet" seasons, the past would be quickly forgotten.

And so it continued until the recent drought period, probably the longest and certainly the most severe since those lands have been occupied. And now the subject of reclamation is again to the fore, and everyone interested in that western country knows that some definite move forward must be made, and without further loss of time, as there is a limit to the courage of even the best of empire builders.

The following rough estimates will give some idea of the situation in our so-called drought area, as well as in the area outside of it in Saskatchewan and Alberta. Probably 6,000 sq. mi. in south-western Manitoba have suffered from drought, but I am unable to give any details respecting that territory.

In the Provinces of Saskatchewan and Alberta, the drought area is about 100,000 sq. mi., and in this area there is a population of 788,829, and 6,691 mi. of railway. *Outside* of the drought area, there are 81,000 sq. mi. in which there is some settlement. Of this area 57,000 sq. mi. is partially wooded, and 24,000 sq. mi. is covered with bush. There are 914,866 people in this *outside* area, and 7,620 mi. of railway.

The above figures indicate that the drought area carries practically half of the entire development that has taken place in those two provinces since they were opened for settlement over fifty years ago. All things in life are more or less uncertain, but when uncertainties become abnormal, as for instance in the capacity of land to produce, it must be expected that it will lead to a lessened use of that land—hence in the interests of our Canadian Confederation we must do everything that is possible to vitalize that central link in our four separate settled areas extending across the continent—a link that in the past has produced a vast amount of wealth for Canada.

In 1904 I urged the late Sir Clifford Sifton, very shortly before he retired from public life, to have an intensive examination made of that "dry area" in order to see to what extent those waters wasting into Hudson Bay could



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J 1 9483

be used. While I have brought forward the suggestion at odd times since, I have never been dogmatic as to how far it would be possible to make use of the waters of those major streams, including the North Saskatchewan River, that flow out from the foothills of the Rocky Mountains. I believe it would be necessary to reservoir their spring freshets, if practicable in the river valleys, otherwise the amount of water available would not, I fear, justify such a large enterprise being undertaken.

I am aware that a couple of irrigation projects in Southern Alberta have been disappointing. One reason may be that the full "duty" of water was allotted to each land holding, whereas the rolling nature of those plains is such that only a percentage of the total area could be reached with water. Apart then from the objection of promoting large irrigation enterprises in rolling country, there is the objection in the case of the drought area of confining the very limited supply of water to a small area, with the water in wet seasons doing a minimum of service.

I therefore agree with Mr. Peters that the available water should be distributed over the widest possible area for stock purposes, tree culture, irrigation of small plots of land. In wet years the water should be conserved in reservoirs as far as practicable in order to supplement the supply in dry years. The evaporation, I appreciate, would be quite heavy.

What then is to be done about the drought area? I believe the Government has been doing excellent work in it during the past few years by making use of the water that falls within the territory, also in the treatment of soils, and otherwise helping the settlers. I was pleased to learn quite recently that the Reclamation Service of the Department of the Interior, which operated at Calgary some years ago, had accumulated a great deal of information regarding the surface of the drought area, thereby materially reducing the field work necessary to determine the possibility of distributing water throughout the territory.

My opinion is that, in the interests of those within the area, the Government should have the engineering investigations pushed forward to completion as early as possible, thereby putting an end to the discussions as to what is or is not possible in the way of stabilizing and increasing the production of the drought area through the use of water. I know the cost figures will be very large, and possibly so large that the undertaking would be impossible, but where so much is involved we are not justified in making any assumptions. My hope is that with maps and other details of a great project showing very definite benefits to the drought area, that it would appeal to the imagination of the empire builder type, and through the use of some of our resources in our north-land, the project could be financed, as was done in the case of the Canadian Pacific Railway. While in London last year, I tried to interest a few men in our expansion, drawing their attention especially to our drought area, and failed. I fear our Canadian independence, to which I will refer presently, had something to do with it.

We Canadians might as well realize that Canada is still very much in the making, and in a country of its vast dimensions great development projects are ahead of us if we are to succeed. Such development cannot be financed by our governments alone, especially under present conditions. This situation should not deter us from expounding these developments in such a way as might interest others in them. After all, that is our present day method of window dressing without which those in business would soon have to close their doors.

I will close with a reference to our British connection. At times we seem to go out of our way to claim that Canada is an independent nation, notwithstanding the fact that we are part of a great family. The more independent units this old world is broken up into, the wider the base of international distrust becomes. While I am unquestionably a Canadian, I also regard myself as British, even if I have not, so far as I know, a drop of English blood in my veins. I fear that sensitiveness about our independence may have been responsible for my experience in London to which I have referred—an unwillingness to intrude in the affairs of another nation. I sincerely hope I am wrong as to that.

Not only have we Canadians major undertakings which, due to our small population, cannot be financed in the usual way, but I believe it will be found that Australia and South Africa are in the same position, and probably New Zealand as well—each being under-populated. Great Britain, on the other hand, carries an excess of people. Assuming it would take say two or three billion dollars expended over a term of years, on major projects, to start our overseas Dominions on the up-grade again, enabling all of them to take many of their idle people away from their drab surroundings in centres of population, and place them, as well as others from Great Britain, out on land, are we going to admit that through team-play on the part of the members of the British Commonwealth, and the use of some of our territory with resources, we cannot find funds for a great movement of that character? Not to-day, I will admit, but what about to-morrow? This question may soon be urgent. Meanwhile let us list our major development problems, and bring together all details as to possible solutions, so as to be ready for the "Empire Builder."

I appreciate that many will say that there is no place for further agriculturalists in Canada to-day. I am not thinking of wholesale farm production through the use of machinery, but of the type of farming carried on in eastern Canada in my boyhood days, when it was a common expression "the farmer is the most independent man in the country," who produced probably 90 per cent of what he consumed and most of his clothing as well. The bright lights and other conveniences drew people from the land to the city. Now through electricity all that the city offered can be brought to those in and about rural communities out on the land. It is a problem that must be solved. Let us try and get away from the idea that our over-worked governments must find solutions for all our difficulties. I am aware of the efforts to revive British emigration to this country, and wish them every success. Real effort to find sound methods cannot fail to make progress.

I have gone far afield in this paper, as I am aware that none know better than the members of The Engineering Institute that Canada offers splendid opportunities to the exploring mind, and that great works are the outcome of that type of mentality plus the knowledge and capacity of the engineer.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

A C. Coleman

11948

19th April, 1929

The Right Honourable George P. Graham,
The Honourable G. P. Beaubien, K. C.,
Joint Chairmen,
Special Railway Committee of the Senate,
O T T A W A, Ont.

Honourable Sirs:

During the presentation to your Honourable Committee last year of the evidence in support of the estimate of savings from unification prepared by the officers of the Canadian Pacific Railway, the question was raised, on various occasions, as to the effect on the amount of economies possible which would result from the decline in the combined expenditures of the two companies which had occurred between 1930 - the year used as a basis for the original estimate - and 1927.

The economies made during this period comprise:

(a) Co-operative savings secured by joint action which would correspondingly reduce the amount of the potential savings;

(b) Economies due to a reduction in the volume of traffic which, to the extent they occurred in duplicate services, would reduce the opportunities for economy, and;

(c) Unilateral economies made by the two companies apart from volume of traffic which by their

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119485

very nature would be largely outside the field of economies estimated to be possible by the elimination of duplicate facilities and services.

It was admitted that the effect on the estimate should be only to vary it approximately in proportion to the lessened volume of combined expenditures (Mr. Fairweather, p. 204 and p. 206). A calculation on the basis of this assumption was submitted by Mr. W. M. Neal in evidence on June 8, 1938 (page 935) which showed that on the basis of the 1937 volume of traffic the annual savings could be estimated at approximately $59,740,000.

Immediately after Prorogation of Parliament, I instructed a committee of our officers to prepare a detailed estimate based directly on the operations of 1937, and this study has recently been completed. The same general methods were followed as in the original estimate, and the same care was exercised. Full consideration was given to all criticisms of the original study which had been offered.

This second estimate indicates that under the traffic and business conditions which prevailed in 1937, annual savings of $56,346,000 could be effected after making adjustments necessary to provide for the fact that the normal rates of pay in force in 1930 and now again in effect, were only in process of restoration in 1937. This figure makes no provision for any saving resulting from abandonment of lines. Assuming such abandonments as we believe the Board of Transport Commissioners would authorize in the event of unification under present conditions, the estimate is increased to $59,361,000.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119486

The close correspondence between these figures and those arrived at by reducing the original estimate in proportion to the reduction in the combined expenditures of the two companies between 1930 and 1937, confirms our belief that the original estimate can be taken as a valid one, and that a conservative figure of the annual savings to be obtained by unified operation under conditions as of 1930 is in the neighbourhood of $75,000,000.

Full details of the estimate, based on conditions which prevailed in 1937 can be furnished if it be desired, and can be supported by evidence of the officers who prepared the report.

I have also asked these officers to prepare a memorandum replying to the criticisms offered by Canadian National officers in respect of the estimate of savings based on the conditions of the year 1930, and this memorandum will be available for filing with you within a few days.

Yours very truly,

(Sgd.) D. C. Coleman.

Vice-President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[7 MAR 1939]

**EXCERPTS FROM DEBATES OF THE SENATE** D 19487

1. (No. 6, page 59). (Hon. Mr. Dandurand).

"This $12,000,000 will give us a central station to meet the needs of the Canadian National Railways. Traffic from east of Montreal, south of Montreal and north of Montreal will come to that station. The C.P.R. Windsor station can attend to the western passenger service. I only have to look at a map of the location and observe the topography to be sure from the information I have that for its business from the north, from the south and from the east the Canadian Pacific will come to that terminal willy-nilly. This view will be discussed in committee. I am not ready to answer all the questions of my honourable friend, but from the statements I have had I feel that the Canadian National owes it to itself, and the metropolis of Canada owes it to itself, to have that central station, upon which so large an amount has already been spent."

2. In reply to Mr. Cote on the same page, he said as follows:

"They have not raised their voices, but we know the Publicity Bureau of the Canadian Pacific Railway and Sir Edward Beatty are constantly on the job and constantly stressing the fact that the Canadian National is losing large sums of money. I think the Canadian Pacific Railway representatives would appear in a better light if they were candid about their campaign and spoke of their own needs. We shall discuss these matters when we go into committee."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

EXCERPTS FROM PROCEEDINGS OF THE SENATE COMMITTEE

119488

(p.12) 1. " HON. MR. DANDURAND: Last week I think we agreed to hear from the Canadian National what lines are unprofitable——those that are in the red. That information would enable us to visualize the situation. Have they been notified?

MR. BIGGAR: Yes.

HON. MR. DANDURAND: At that time we decided to ask the two railways what they have done since July last to implement our resolution of June 30th, in which we urged them to continue to co-operate as closely as possible.

RIGHT HON. MR. MEIGHEN: We could hear from the two railways if we have asked them to do that.

HON. MR. DANDURAND: We have asked them to do that.

HON. MR. COTE: Are they going to deal with the matter of joint terminal facilities in Montreal?

HON. MR. DANDURAND: In asking them to tell us what they have done since last July towards co-operation we shall very likely strike the terminal situation. "

(p.82) 2. " HON. MR. COTE: Mr. Chairman, are we to understand that these labour men will limit their evidence to the subject-matter of Professor McDougall's submission to us, or are they going to reopen the question of unification, amalgamation, and all that kind of thing?

HON. MR. PARENT: And the Montreal terminals.

THE CHAIRMAN (HON. MR. BEAUBIEN): Of course we, as Chairmen, are here to do what you want.

HON. MR. COTE: I was just asking what was intended.

THE CHAIRMAN (HON. MR. BEAUBIEN): In order to enlighten you, I am trying to find out what the intention of the Committee is.

HON. MR. DANDURAND: I should like to answer Senator Cote's question. I took for granted that we would hear the two railway companies on the lean lines, and we were giving a day to the Canadian National. We will give a day to the Canadian Pacific, if they want it. We would also devote attention to inquiring what the two railways have done since the first of July under the 1933 co-operation Act. And, of course, if any member desires, he can ask about the terminals in Montreal. "

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

"MONTREAL GAZETTE - JANUARY 17th, 1938"

L-79489

"Before the general Federal elections come, the Canadian National Railways will have their central station in Montreal, declared Hon. P. J. A. Cardin, Minister of Public Works, as he wound up the Liberal campaign in St. Henry Division last night at the Levis School in Ville Emard. If the station has not been built - and Mr. Cardin made it clear that with this project there was also linked the elimination of the level crossings - it was because of Camillien Houde, said the Minister.

"At an afternoon meeting in Atwater Market, Hon. Ferdinand Rinfret, Secretary of State, had made a similar pledge to the 2,000 electors who attended. Both statements clarified and amplified the declaration of Mr. Rinfret on Friday that the Liberal Government would "fill the hole on Dorchester Street"."

- - - - -

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

"LA PRESSE" - 17 JANVIER, 1930

"Parlant des prochains travaux publics, l'hon. M. Cardin a répété, une fois de plus, que la gare centrale due Canadien Nationale sera construite "avant les prochaines élections générales, donc par le présent gouvernement, ajoutant que les traverses à niveau, à Saint Henri, sont appelées, en conséquence, à disparaître enfin sous peu. Ce n'est pas là, a dit le Ministre des travaux publics, une promesse électorale. Si nous étions demeurés au pouvoir en 1930, Montréal aurait depuis longtemps sa gare centrale et il n'y aurait plus de traverses à niveau. Il s'agit d'un engagement qui date d'avant 1930, engagement que nous allons pouvoir enfin racheter. Bref, le trou béant de la rue Dorchester, qui déshonore depuis trop longtemps la grande métropole du Canada, sera comblé."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119491

Ottawa,
April 20, 1939.

5/

Geo. C. Vaudrin, Esq.,
6048 St. Hubert St.,
Montreal, Que.

Dear Sir:

I have your letter of 19th just received this afternoon.

Only this morning I protested in the Committee against further hearings other than those already decided upon, so it wouldbe inconsistent for me to change my attitude and ask that you be heard.

I regret not being able to send you a more favourable reply.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Montreal, Que., April 1[illegible], 1932.-

Right Honourable Geo. P. Graham, P.C.:
Right Honourable Senator Arthur Meighen:
Right Honourable Senator Mr. Black:

Right Honourable and Distinguished Sirs:-

The undersigned respectfully suggests that you refer to Hansard, Special Committee, March 29th, page 128, first four paragraphs, particularly pertaining to solution of unemployment problem and the $50,000,000. economy withdrawn from payrolls and my submission of March 17th and Statement of March 27th which do not appear in Hansard.

Because the task of segregating relevant essentials of testimony heard, requires more than ordinary patience, the writer, having completed said segregation of essentials, believes the Special Committee could appreciate to its just value both sides of the story by hearing orally the observations made in concordance with the view expressed on page 15, Mar. 15th., by the Right Honourable Mr. Meighen, 4th. last paragraph, to which I might supplement that my interest in this question dates back to the advent of the installation of railroad telephones in 1910.

Respectfully Yours,

Geo. C. Vaudrin.

Geo. C. Vaudrin,
6048 St-Hubert Street.-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119493

Ottawa,
April 20, 1939.

5/

Mr. Geo. G.Robertson,
15067 Pinehurst Ave.,
Detroit, Mich.

Dear Mr. Robertson:

I have your letter of 18th instant, for which I thank you.

What you have in mind is much along the line of what has been proposed to the Committee, but, of course, not the same.

I am not clear as to the meaning of the third paragraph. Anything in the nature of unified management could not be effective unless there was a virtual merging of the departments now competitive.

Yours very truly,

AM/E. Arthur Meighen.

1
/

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119494

EDITORIAL DEPARTMENT

The Globe and Mail

Toronto, Canada, April 18,1939

The Right Honourable Arthur Meighen,

The Senate,

OTTAWA, ONT.

Dear Senator Meighen:

I have been talking with Mr. McIntosh of The Globe and Mail about railroad savings and the method in which I thought they could be effected. He has taken quite an interest in my ideas and attempted to arrange an interview with you while I was here at the Easter week-end, but I was unfortunate in this respect, and also too late yesterday to get in touch with you before you left for Ottawa. However, I made a little skeleton of my ideas or plan, if you can call it such, which I am enclosing.
I am returning to Detroit tomorrow, but if this is worthy of any consideration on your part I shall be glad to hear from you further.

Yours very truly,

Geo. G. Robertson

Geo. G. Robertson
15067 Pinehurst Avenue,
Detroit, Mich.,
U. S. A.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119495

A suggested plan for united management of the Canadian National and the Canadian Pacific Railways to effect reduction in expenses.

The Canadian National and the Canadian Pacific Railways to retain their corporate structures.

A Board of Control to be appointed with absolute authority to manage the united transportation properties, and to consist of an Executive officer--less than President--from each of the Railways, and the President of one of the running trade unions. The union official to be changed each year.

Departments having the same duties to be merged as far as possible under one roof in order that the staff may acquire the same viewpoint about their duties. This merging of departments to be carried on throughout, with the exception of the competitive departments, which consist mostly of passenger and freight.

All employees to be retained and reduction of employment to be effected by natural causes, such as resignations, deaths and retirements in the regular course, it being understood that no pressure will be brought to bear to bring out any involuntary reductions. No vacancies to be filled from the outside. If necessary, transfers to be made from departments carrying surplus.

At the beginning savings will be effected through reductions in purchases, as there is now a very large duplication of blanks, stationery, tariffs, record books, etc and materials which, of course, are now purchased separately. Savings will also start very soon in pay roll accounts.

Increased patronage can be brought about by better service without any increase in expense.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

O. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
OF THE ONTARIO BAR
MELVILLE B. GORDON
CHRISTOPHER ROBINSON
OF THE QUEBEC BAR

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

119496

CABLES
LAURENTIAN, OTTAWA
TELEPHONE 2-2488

OUR FILE No. 2090-2

April 24, 1939.

The Right Honourable Arthur Meighen, P.C.,
The Senate,
Ottawa, Canada.

My dear Senator:-

RE: Railway Enquiry

I enclose copy of the memorandum which I have sent to the Joint Chairmen to-day.

Yours very truly,

Enc.

BMM

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119497

MEMORANDUM FOR THE JOINT CHAIRMEN

RE: Railway Enquiry

Senator Dandurand telephoned on Friday asking me to arrange for the attendance on Tuesday of Mr. Black, the author of the memorandum referred to in the Committee by him and by Senator Hugessen. I arranged through Senator Hugessen accordingly, though Senator Hugessen told me that Mr. Black's synopsis of his paper which it was intended to distribute could not be so much in advance of Tuesday's meeting since it would not be ready until Monday.

In addition to Mr. Black the other witnesses who have been warned that they might be heard on Tuesday are Mr. [redacted], one of the principal officers of the Brotherhood of Locomotive Engineers, and either Mr. A. J. Kelly, the Chairman of the Co-operative Legislative Committee of the Standard Railway Labour Organizations, or Mr. W. L. Best, the Secretary of that Committee. So far as I know Mr. Chase has no written submission but I am advised that one has been prepared on behalf of the Co-operative Legislative Committee and that that Committee greatly desires that an opportunity to read it should be afforded to Mr. Kelly as its Chairman.

I must tomorrow cross-examine the principal witness on the other side of the case in the trial of which I have been engaged since last Wednesday and from which I was able to absent myself to attend the meeting of the Senate Committee last Thursday morning. I do not see that my presence tomorrow could be of any use in connection with Mr. Black's submission and perhaps of very little, if any, in connection with the submissions by the Railway Unions.

I hope in the circumstances the Committee will excuse me from attendance tomorrow morning. If it sits again late in the afternoon or in the evening I could of course easily attend.

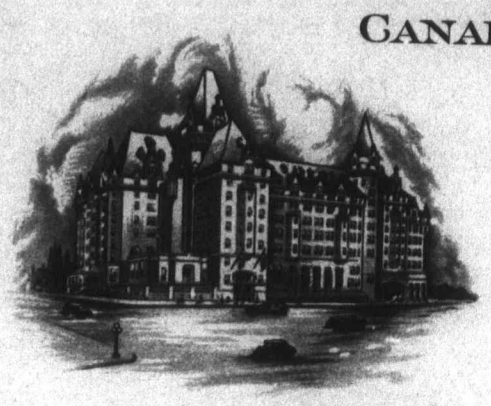
Ottawa, April 24, 1939.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CANADIAN NATIONAL RAILWAYS

119498



CHATEAU LAURIER

CANADA'S HOTELS
OF DISTINCTION

THE CANADIAN NATIONAL HOTEL, CHARLOTTETOWN
THE NOVA SCOTIAN, HALIFAX
CHATEAU LAURIER, OTTAWA
PRINCE ARTHUR HOTEL, PORT ARTHUR
THE FORT GARRY, WINNIPEG
PRINCE EDWARD HOTEL, BRANDON
THE BESSBOROUGH, SASKATOON
THE MACDONALD, EDMONTON

SUMMER RESORTS

JASPER PARK LODGE, JASPER NATIONAL PARK, ALTA.
MINAKI LODGE, MINAKI, ONT.
PICTOU LODGE, PICTOU, N.S.

OTTAWA, ONT.

April 25th, 1939.

Rt. Hon, Arthur Meighen, K. C.,
The Senate,
OTTAWA, Ont.

Proceedings Special Senate Committee, 1938, Page 207, Mr. S. W. Fairweather on the stand:

By Hon. Mr. Murdock:

"Q. Would not that $10,000,000 to some extent be still theoretical? You could not say conclusively that it would be so, an actual saving -

A. I can only say in general terms what I think it would be.

Q. But it would be a theoretical estimate? - A. As an honest opinion for what it is worth, that is what would result. But frankly it is an educated guess.

Q. And that would not take into consideration displacement of men? -

A. No. If you entered on that program with an obligation within that limited scope you compensate labour for its being displaced, and if you took into consideration also compensation of industries that would be dislocated, then you would not come there at $10,000,000. figures. I quite admit that. But I do say this. It is based on an expectation that railway labour would have to take its chance with every other type of labour in the country. When a factory finds a better way of doing its work, it fires some of its men, and it does not have to compensate them.

Q. In other words, you would have to make a contribution and the public would have to make a contribution? A. Yes.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

HOGARTH 3164

GEO. G. ROBERTSON
15067 Pinehurst Avenue
DETROIT, MICHIGAN

1 19499

5/

April 25, 1939

The Right Honourable Arthur Meighen
The Senate,
Ottawa, Ontario

Dear Senator Meighen:

I have your letter of April 20th, for which I thank you.

There may be similarity, of course, in some respects between other propositions and mine, but I have been following the matter pretty well in the papers and have failed to find any that contemplated retaining all employees at the beginning.

Regarding the third paragraph, Had in mind to keep the soliciting department separate as traffic is the essence of the proposition, and competition in the solicitation was to be maintained. There is plenty of competition from outside railroads and it was to meet this that soliciting forces of the roads were to be maintained at the highest efficiency.

Yours very truly,

Geo. G. Robertson

G. G. ROBERTSON

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119500

Ottawa,
April 27, 1939.

R. O. Sweezey, Esq.,
132 St. James St. West,
Montreal, Que.

Dear Mr. Sweezey:

Thank you very much for your kind letter of 26th instant.

I am afraid it will be too late now for the Committee to propose to hear other views on the Railway question than those already agreed to be heard. In fact, I think we have agreed to hear far too many, and are going to have great difficulty in getting our report or reports in shape for this Session, and this is an absolute necessity.

Yours very truly,

AM)E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

19501

**R. O. SWEEZEY & COMPANY, LIMITED**
INVESTMENT DEALERS
132 ST. JAMES STREET WEST

CABLE ADDRESS: "ROSWEEZ"

PLEASE ADDRESS REPLY TO
P. O. BOX 2157
PLACE D'ARMES

MONTREAL
26th April, 1939

Rt. Hon. Arthur Meighen,
The Senate,
OTTAWA. ONTARIO.

Dear Senator Meighen,

I have been following with considerable interest the Senate investigation of the railway problem. In this I have been particularly impressed with the lack of sincerity of leading Liberal members of the Senate.

Your own interest in finding a solution is evident by your treatment of the subject, and for that reason I am writing to suggest that the Senate Committee should invite Mr. Lesslie R. Thomson, Consulting Engineer of Montreal, to give evidence on the railroad question.

Mr. Thomson, as you know, is the author of a recent book on this subject, and he is possessed of a store of technical and economic information and opinions that can hardly be equalled by any other person in this country. I would judge, however, that if a man of this kind is to be heard he has to ask to be invited, but it seems to me that if the Senate is sincere in its desire to get at the facts, then surely men like Mr. Thomson should be invited to give their opinions.

Many people would be pleased to find that Mr. Thomson had been invited for this purpose.

With best personal regards, I remain,

Yours sincerely,

R. O. Sweezey

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119502

Ottawa,
April 27, 1939.

5/

Mr. Seraphin Ouimet,
750 St. Gabriel St.,
Montreal, Que.

Dear Sir:

Your letter of 26th instant has just been received.

I remember your name coming before the Special Railway Committee, and my understanding was that you were asked to send in a brief outline of your views. This is the method the Committee has been compelled to adopt, as it is now too late to propose to hear views other than those already agreed to be heard.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119503

Montreal April 26th, 1939.

Hon. A, Meighen
Senator
OTTAWA.,

Dear Sir:-

In my opinion, the Committee of the Senate concerning the Railway problem cannot make a practical and useful report to satisfy the public expectation for the very reason that nobody yet has put before the Committee the real and classic remedy to settle the railways problem.

My views had the approval of six chiefs engineers of railways and 85 workers associations.

Presently I have the support of 60 public bodies through the City Improvment League of Montreal. I see no reason why the Committee should not hear me in accepting my demand.

I do claim that my suggestion shall facilitate a valuable report to satisfy the public.

I hope you will specially call the attention of the Committee on my request.

Yours very truly.

SERAPHIN OUIMET

C.E.&.L.S

750 St.GabrielSt.
Montreal
HArbour 5724
SO/MO.,

Séraphin Ouimet C. E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.I.9504

26th April, 1930.

The Right Honourable George P. Graham,
The Honourable G. P. Beaubien, K. C.,
Joint Chairmen,
Special Railway Committee of the Senate,
OTTAWA, Ontario.

Honourable Sirs,-

Referring to the concluding paragraph of my letter of the 19th instant; I now hand you herewith copy of the memorandum replying to criticisms offered by Canadian National officers in respect of the estimate of savings based on conditions of the year 1930 which I should be glad to have made part of the Record of Proceedings.

Yours very truly,

Vice-President

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19505

MEMORANDUM IN REBUTTAL OF THE EVIDENCE GIVEN BY OFFICERS OF CANADIAN NATIONAL RAILWAYS IN CRITICISM OF THE CANADIAN PACIFIC ESTIMATE OF SAVINGS BASED ON OPERATIONS IN THE YEAR 1930.

The criticism of the Canadian Pacific estimate took three forms: (a) that the savings from line abandonments included in the estimate were a major item in it, and that most of the mileage listed could not be abandoned; (b) that the estimate based on operations in 1930 was no longer valid in view of the subsequent economies made by both systems; (c) that the estimate as a reflection of the 1930 conditions was in error in several respects.

As to the first point, the criticism ignored evidence to the effect that the estimated savings could in the main be achieved without line abandonment by rerouting traffic and reducing maintenance expenses (Macnabb, pp. 610, 639). It has been shown that the complete elimination from consideration of all line abandonments would only reduce the total savings by $7,248,798 (pp. 583, 905-06, 985; Exhibit 70, p. 943; Exhibit 80, p. 1112). It was also shown that if only those lines common to both the Canadian National and the Canadian Pacific estimates to the Royal Commission were abandoned, the total savings would be reduced by approximately $4,215,000 (Exhibit 70, p. 943). The validity of these figures was not questioned, and since they are not a major factor in the estimate, the question as to whether a particular portion of line can or cannot be abandoned is not of importance in respect of total savings.

As to the second point, it was recognized that the economies put into effect by the two railways since 1930 are substantial, but attention is drawn to the fact that many of these will prove temporary in character; that by far the greater proportion were the result of sub-normal

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

traffic volume, and that only a small proportion pertained to economies of the type inherent in unification. Therefore, it is an error to assume that these economies are properly deductible in total from the savings based on the operations of 1930, or the savings for a year of normal traffic. Although, to appraise accurately the effect of these economies on present conditions, would require the preparation of a new detailed estimate, the Canadian Pacific officers offered an approximation of the savings under conditions as of 1937, based on the assumption that savings from unification would fall in total in proportion to the reduction in expenses. This was admitted to be a proper test (Fairweather, p. 206). The result of this calculation indicated savings of $59,740,000 and no criticism of this was made. Recently, the Canadian Pacific has made a detailed study, which fully supports this calculation. For these reasons, in dealing with the detailed criticisms of the various items included in the estimate, the many references to the economies accomplished since 1930 will not be dealt with further in this memorandum.

With respect to the third point, the criticism will be met under the headings in which the savings were calculated as follows:

Supervisory Items

The re-arrangement of supervisory organizations as proposed by the Canadian Pacific witnesses was criticized only in respect of the prudence of including in such an arrangement Canadian National lines in the United States, and in respect of three minor supervisory offices, namely: Prince Edward Island, Levis and St. Thomas, none of which could have any vital effect on the validity of the estimate because the difference in the savings if all of these objections were

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1.19507

given effect to would not be substantial in the aggregate.

The savings which resulted from the re-arrangement were dealt with by Canadian Pacific witnesses in connection with the various main accounts whose expenses included some proportion of the supervisory costs. The critical witnesses contented themselves with casting doubt upon the amount of realizable savings, but the basis of these calculations was never seriously questioned. On the question of amount, the inference was drawn that the economies by the Canadian National in supervision since 1930 had rendered much of the estimate under this heading invalid, the answer to which argument has already been given in this memorandum.

Maintenance-of-Way and Structures

The critical witness was C. B. Brown, whose evidence begins on page 1198 of the Proceedings. He criticized the Canadian Pacific formula, which involved estimating Maintenance-of-Way Expenses on a basis of the average expense per equated track unit, and suggested a simpler method of average expense per mile, on the ground that there was insufficient data to permit an estimate to be made on any recognized equated mileage formula.

It is submitted that, since the Canadian Pacific formula was so weighted as to give effect to the difference in cost of maintaining branch lines as compared with main lines, that it provides for the cost of maintaining a double track line as compared with a single track line, and that it allows for the difference in cost between lines in Eastern and Western Canada, it is in every way superior to Mr. Brown's formula which does not allow for these factors.

Mr. Brown further criticized the comparability of Canadian

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19508

Pacific maintenance expenses on two grounds. The first referred to the treatment of certain items of tie and rail expense, and it is apparent that Mr. Brown has not appreciated the fact that the identical items referred to were provided for in the Canadian Pacific estimate (pp. 838-39 of the Proceedings). The second was on the ground that certain items of expense were included in the Canadian National figures which were not reflected in Canadian Pacific costs. These items were:

(a) $1,800,000 more for tie renewals. As to this the Canadian Pacific points out that its estimate allowed the same proportion of treated ties and total ties for the unified system as on the Canadian Pacific, whereas the Canadian National actually installed less ties per mile and a lower percentage of treated ties in 1930 than did the Canadian Pacific, thus indicating that the Canadian Pacific estimate was conservative.

(b) $1,500,000 more because of preponderance of Canadian National mileage in Eastern Canada, where maintenance costs were higher by $500 per mile (p. 1203). As to this, the Canadian Pacific submits that its estimate actually makes an allowance amounting to about $600 per mile for the added cost of maintenance in Eastern Canada as compared with Western Canada.

(c) $600,000 more for timber bridges, and

$1,500,000 less because of lesser traffic density on the Canadian National. Since the net result of these is a decrease of $900,000, they do not support the Canadian National contention.

Maintenance of Equipment

The critical witness was Mr. J. Roberts, whose evidence begins at

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119509

page 1207. The main ground of objection (p. 1210) was that the unified management could not reduce the cost of repairs per mile on Canadian National equipment, since Canadian National repair costs were already as low, judged by comparison with those of United States railroads, as was consistent with efficiency. No criticism was offered so far as the savings were attributable to reductions in locomotive and car miles, although these savings accounted for the greater proportion of the total (p. 1208).

It is submitted that the lower Canadian Pacific unit costs were not the accidental result of conditions peculiar to the Canadian Pacific, nor were they obtained by the sacrifice of efficiency. It is contended that they follow from the adoption of policies and methods developed after many years of experience in a variety of conditions. It is further submitted that unified operations would greatly increase opportunities for the more effective utilization of equipment than is possible under separate operation. Because of this, costs at least as low as those on the Canadian Pacific can be obtained by a unified system.

With respect to locomotive repair costs, specific criticism was made on the following grounds (p. 1208):

First: That because Canadian National locomotives had a greater average tractive effort than those of the Canadian Pacific, the cost of repairs would be correspondingly greater. The Canadian Pacific witness pointed out at page 808 of the Proceedings that the effect of the increase in average tractive effort on the Canadian Pacific locomotives has been accompanied by off-setting benefits and the cost of maintenance per mile has not increased. The actual increase in the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.19510

average tractive effort on Canadian Pacific locomotives between 1925 and 1938 was 16.3%.

Second: That the unified management would find it more expensive to maintain the greater number of classes of locomotives which would be contained in the unified inventory. It is submitted that the elimination of the least desirable classes of locomotives and the increased opportunity for segregation of similar classes in the most suitable territory which would be done under unification would be sufficient to discount any such tendency.

Third: That Canadian National locomotives had been modernized to a greater extent than those of the Canadian Pacific, and that, while modern devices increase efficiency, they add to maintenance costs. Canadian Pacific experience has been that it is possible to maintain a uniform cost level despite modernization because of the resulting increase in utility and efficiency.

Fourth: That the proportion of locomotive mileage on the Prairies was greater on the Canadian Pacific than on the Canadian National, and, therefore, the former's costs might be expected to be lower than those of the latter. The answer of the Canadian Pacific is that bad water conditions of the Prairie Provinces have increased repair costs with the result that these costs are only fractionally different from those in other sections of the country.

Transportation - Rail Line

The following main criticisms were made by Mr. N. B. Walton, beginning at page 1167 of the Proceedings:

Savings indicated were impossible because savings to the extent indicated would produce a ratio of transportation expense to revenue

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.1950.D.

for the unified system of 33.9% as compared with transportation ratios of United States Railroads varying from 36.2% to 37.5%.

In this connection it is pointed out that Mr. Walton's criticism is based on a miscalculation since the revenues and transportation expenses for the unified system in 1930 should have been taken as $450,230,364 and $166,562,217 respectively, which is a transportation ratio of 37%.

Station Service

Criticism under this heading was confined to -

(a) Casting doubt on the validity of the Canadian Pacific estimate by drawing attention to alleged errors in assumed Canadian National expenses for station services at Winnipeg and Montreal.

The Canadian Pacific admits that there may be errors in some of the figures owing to lack ot detailed information, but does not agree that small differences of this kind invalidate its estimate of savings. It should be noted that the critical witness does not say whether the assumed expenses at these points were too high or too low, or whether the errors claimed were themselves compensating or compensated by differences in other accounts. The basis of the estimate is not in any event called into question.

(b) Pointing out that since 1930 station expense had been substantially reduced by the two systems. As has been previously said, these reductions do not invalidate the estimate based on 1930 conditions nor do they indicate that these economies are deductible in total from the savings.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119512

Yard Services

The criticism under this heading was devoted chiefly to casting doubt on the reliability of the Canadian Pacific estimate which the critical witness suggested had been calculated on the basis of the reduction in locomotive miles amounting to 12.2%, which percentage was the same as that derived from the calculation of savings in yard service expenses. The fact is that the savings were derived by detailed study and analysis at specified points where duplicate facilities were maintained by the two systems, and with full regard to actual operating and physical conditions. These savings at these points were then expressed as a percentage of system costs. The percentage thus found happens to coincide with the percentage saving developed for road locomotive miles, but there is no necessary relationship between them.

A further criticism was directed to errors in assumed yard costs of the Canadian National at Montreal and Winnipeg. As in the case of station service, the critical witness gave no indication as to whether these costs were too high or too low, or whether the differences mentioned were compensating.

Train Services

The criticism under this heading was chiefly confined to casting doubt upon the possibility of reducing train and car miles to the extent estimated by the Canadian Pacific. Specifically, the various items were criticized as follows:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119513

(a) Train Service - Abandoned Lines and Consolidation of Merchandise Traffic.

This was criticized on the ground that no details were furnished and that reductions were wholly speculative. While it is easy to criticize any estimate on such a ground, no alternative figures were given by the Canadian National. The Canadian Pacific's position is that the estimate was made after careful study of all the ascertainable facts.

(b) Heavier Loading of Carload Traffic. Reductions due to this were criticized on the ground that in order to get substantial reductions in train and car miles the situation would have to be carried to such an extreme as to impair service to the public. The Canadian Pacific estimated only 1% reduction for each of the two factors which is conservative when compared with the estimate of 5% increase in car loadings included in the Canadian National estimate (p. 509).

(c) Re-routing of Empty Cars. This was criticized on the ground that all possible savings have been made under co-operation. The Canadian Pacific admits that at certain points co-operative effort has eliminated a small portion of the duplication in this respect. The total savings cannot, however, be obtained until the practice is made to apply throughout the two systems, and that would only be possible under unification.

(d) Re-routing of Freight Traffic. Reductions from this source were criticized on the ground that there was insufficient

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119514

detail furnished to enable these reductions to be verified, and that any savings possible under unification could equally well be accomplished under co-operation (pp. 1174-5).

As to the first point, the Canadian Pacific draws attention to the evidence of Mr. O'Brien (pp. 763-74) and to Exhibit 57 which, while not printed, was filed and available to Canadian National witnesses (p. 774). As to the second point, the Canadian Pacific submits it is no criticism of an estimate of savings under unification that equal savings can be made under co-operation. In addition, Canadian Pacific points out that it has been made very clear in the discussion on co-operative economies that these necessarily do not go as far as those under unification.

(e) The reduction of 2½% in the cost of fuel was criticized on the ground that such a saving was a remote possibility. It is submitted that this is a matter of opinion, although Mr. Vaughan, Vice-President of the Canadian National, (p. 1249) admitted that some savings could be made by consolidating purchases.

(f) Other Transportation Expenses. Three items, namely, Clearing Wrecks, Damage to Property, and Damage to Livestock on Right-of-Way were reduced by 12.38%, the derivation of which percentage was not, apparently, made clear. The Canadian Pacific points out that these accounts will obviously reflect the reductions in all classes of train miles, and the percentage used was that of the combined reductions in freight, passenger and mixed train miles.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119515

The only major criticism under the heading of Other Transportation Expenses was related to the economies effected by the separate systems since 1930 in sleeping car services. The effect of such economies has already been dealt with.

Increased Operating Revenues

The critical witness (pp. 1231-36) expressed the view that the Canadian Pacific estimate under this heading was in error because the traffic being "overhead" was enjoyed by the Canadian railways in competition with the United States railroads only because -

(a) New England business desired to retain as many competitive routes as possible, and

(b) the differential rates which permitted such traffic to move on Canadian lines are "grudgingly" agreed to by United States railroads.

It was suggested (p. 1231) that if the Canadian railroads "were lining up together" that traffic might disappear. The answer of the Canadian Pacific is that if New England business supports the routes in question in order to add to the number of competitive routes, it is illogical to suppose that the removal of one by unification would cause them to withdraw support from the remaining one. It is further submitted, on the second point, that competition alone influences the United States railroads, and that the competitive position of the Canadian railways would be strengthened under unification because of the improved service thereunder.

The critical witness objected to the estimate on various other grounds, He insisted that it would be impossible for the unified

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

system to compel connecting United States railways to interchange traffic moving to and from New England so as to give the unified system the advantage of a longer haul on its own lines. Yet, the same witness objected also to the amount of savings which might be made by substituting Portland, Me., for North Stratford, N.H., and St. Johnsbury, Vt., on the ground that the Canadian National had already, since the date of the 1930 estimate, made a re-arrangement, for this precise purpose. It is submitted that these two objections destroy each other. That is, where it was necessary to his criticism to argue that the United States lines could retain their long haul, he did so.

The critical witness also offered the objection that the lease of the Boston and Maine line between Newport, Vt., and Wells River, Vt., to the Canadian Pacific meant that the rental of $246,000 per annum could not be saved by substituting the Central Vermont for this line for interchange purposes. Obviously, the question of whether the lease exists or not is not pertinent to the amount of savings which could be made by not using the line in question. The only effect of the lease is to make it certain that, at its termination in 1956, the annual rental can be added to the savings from unification.

The critical witness also objected to certain items which were not included in the original estimate but which were suggested as proper additions thereto by the Canadian Pacific (p. 984), and which were included in the Canadian National estimate (p. 486). The Canadian Pacific suggested that $1,500,000 could be gained by readjustment of interline divisions of freight revenue. This item was estimated by the Canadian National (p. 476 - Proceedings) at $2,500,000.

No criticism was offered of the estimated savingsof $1,136,000

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119517

per annum to be obtained by rerouting traffic passing through the Detroit Gateway - although this would seem to be open to the same objections as erroneously offered concerning the New England Gateways.

The Canadian Pacific total estimate for increase of revenue by rerouting of freight and redivision of interline freight revenues even after amendment showed a gross increase of only $4,771,000. The estimate of these savings offered by the Canadian National (p. 489 - Proceedings) showed increased revenues from these sources of $5,385,800 - which is evidence that the Canadian Pacific original estimate of $2,135,000 was conservative.

Traffic Expenses

The only specific criticism under this heading not already covered in discussing the economies effected by the separate railways since 1930, was confined to casting doubt on the comparability of the expenses of the two systems. The only difference relied upon in support of this was that of the treatment of expenses of Colonization, Agriculture and Natural Resources. The Canadian Pacific pointed out that this difference was provided for in its estimate by a separate calculation (Exhibit 67, p. 941).

All Other and General Expenses

The only criticism under these headings related to the reduction in expenses since 1930, and this has already been dealt with.

British Columbia Coast Steamships

The critical witness directed his attention chiefly to two points, namely -

(a) the Canadian Pacific suggestion that two ships could be dispensed with; and,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(b) the suggestion that the Canadian Pacific estimate involved elimination of the Canadian National barge fleet (pp. 1108-09).

The answer of the Canadian Pacific to the first item is that the witness, not having investigated the matter, was quite unable to say whether or not the saving in question could be made (p. 1107). As to the second point, the Canadian Pacific witness was wrongly reported both on page 968 and by the Canadian National witness. It was said that savings of $104,000 were predicated on "elimination of the extra services and the elimination of one barge fleet". The evidence clearly indicates and the fact is that the reference was to the consolidation of the barge fleets and the elimination of one barge slip. (See page 968).

Interest on Reduced Investment in Equipment and Stores and Track Material

The criticism of the Canadian Pacific estimate under this heading was directed, first, to the effect of the reduction in inventory since 1930, and, second, as many other critical witnesses had done without giving a basis for their suggestion, that the estimated reductions in train and car miles could not be achieved.

As to the first point; the reduction in inventory since 1930 is not a valid criticism of an estimate based on conditions in 1930 any more than is the argument that economies made by the two railways since that time are deductible in total from the 1930 estimate of savings.

As to the second point; the Canadian Pacific submits that while it was admitted that reductions in passenger train and car miles were

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119519

too high, the increase in the savings in freight train and car miles more than counter-balanced this (pp. 983-4).

Summary

The criticism was summarized by Mr. Hungerford (pp. 1047-1052) and divided into two parts which involved fifty-five million dollars and twenty million dollars of the total estimate respectively. As to the first, he listed the alleged assumptions on which the estimate was based (p. 1050), which, it was said, would "raise doubts in thoughtful minds " as to the reliability of the estimate. These alleged assumptions may be listed individually with Canadian Pacific answers to the criticisms which result:

1 - That Canada has entirely too much railway mileage and that 5,000 miles "should be torn up regardless of the pioneering service" it performs.

Answer: No such assumption was made. The effect of line abandonments or no line abandonments on the estimate is unimportant for the reasons before stated.

2 - That the quality of service in Canada is too high - it clearly being inferred that unification savings will be at the sacrifice of this quality.

Answer: The estimate makes no such assumption. It does contemplate that service will, in many cases, be improved and, as improved, will cost less than under separate operation.

3 - That traffic can be "forced to move over specified routes."

Answer: Economies from re-routing of traffic are not

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119520

based on forcing anyone or anything, but rather on a choice of the more economical routes.

4 - That stations, terminals, etc., can be abandoned without regard to the effect on the community and the country as a whole.

Answer: No such assumption was made.

5 - That Canadian Pacific costs are applicable to Canadian National operations notwithstanding geographical and other differences in conditions.

Answer: Unit costs of the Canadian Pacific were not applied to Canadian National operations, but to a new unified system neither Canadian National nor Canadian Pacific (Mr. Coleman, p. 1370).

6 - That the savings are net savings without providing for capital expenditures and compensation to displaced labour.

Answer: The Canadian Pacific admitted that there was no specific allowance for capital expenditures required, but it was pointed out in the original estimate (p. 416) and in the introductory statement (p. 529) that the annual interest charges on capital required would be more than counter-balanced by savings not included in the estimate, attributable to the fact that the unified system would not require as much capital outlay in the future as the separately operated systems. Compensation to displaced labour is not a permanent expenditure and will not effect the ultimate economies under unification.

7 - That disturbance to labour and markets are of no consequence.

Answer: Disturbance to labour will be prevented by

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119521

temporary compensation allowances which are an essential part of the Canadian Pacific plan. As to the alleged disturbance of markets, it is submitted that unification will be of great benefit to industry.

As to the second division, namely, that involving twenty million dollars of the estimate, it was said that these were matters of statistical conjecture, a statement which is apparently based on the argument that differences in operating and maintenance problems between the two systems render the estimate invalid to this extent. The Canadian Pacific contends that it has made allowance for differences in conditions where they exist but that these differences between two nation-wide systems are compensating or in total are unimportant.

In conclusion it may be said that where the criticisms were, in some degree, valid, the effect of these on the estimate of savings was not substantial. As indicated on pages 933 and 984, the Canadian Pacific had, prior to any criticism being offered by the Canadian National, made adjustments which involve deductions of $4,000,000, largely to reflect permanent economies made since 1930, and additions of $9,000,000, arising from items, which, while they might properly have been included, were omitted from the original estimate. The net effect of these adjustments more than adequately meets any valid criticism.

Montreal, Que.
April 25, 1939.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119522

# TWO-FOLD SOLUTION

# OF

# CANADA'S RAILWAY PROBLEM

1. Supervised Co-operation – To Cut Down Costs.

2. Fair Highway Competition – To Restore Gross Revenue.

Montreal,
April 1939.

By Harvey H. Black

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0.19523

1. - "S U P E R V I S E D  C O - O P E R A T I O N"

One Suggested Solution of Canada's Railway Problem.

In proposing a plan of "Supervised Co-operation" as one of two workable solutions of Canada's Railway Problem, I am influenced by an appreciation of the serious nature of the present situation. Not alone, however, am I concerned for the Canadian National Railways and the taxpayers of Canada, on whom the burden of a large annual deficit falls. Canada's railway problem concerns also the private company equally with the public.

The primary consideration does not consist, as is often stressed, in relieving the drain on the national treasury. The primary danger of inadequate railway earnings rests in the crippling of both organizations in their most important task of providing adequate transportation facilities for the needs of Canada.

Nor is the railway problem limited to Canada alone, as will be illustrated in some detail further on. The competition of the motor car, the bus and the truck has made heavy inroads on the volume of traffic, freight and passenger, of the railways not alone of Canada but of Great Britain and the United States and nearly every other country in the world. In Great Britain and the United States almost desperate efforts are being made by the railways for measures of relief. They are urging either the cancellation of all existing regulations in order that they may be free to combat highway rivals, or the regulation of the truck and the bus so that they will be similarly controlled and forced to operate on a fair competitive basis with the railways. In all such appeals to the State, the principle is set forth that fair conditions of operation and adequate earning power are absolutely essential to the railways if they are to continue to provide the public with a proper standard of transportation.

Our problem, then, consists of working out a rehabilitation of earning power, insofar as this is possible under the conditions existing today. The importance of conserving the strength and efficiency of our railways probably could not be illustrated more forcibly than by the statement that, of all the vital physical factors that are fundamental to the continued expansion and prosperity of Canada, the two great railway systems stand in a class by themselves. I would go further and say that to probably no other country in the world does this statement apply with equal force - whether one looks upon the past, the present, or the future. For Canada, more than any other country in the world today, is dependent upon adequate railway transportation facilities not only for her present needs, but for developing those vast resources, lying north of the upper fringe of our mining and forest activities of today, that will constitute a storehouse of national wealth in the years to come.

CO-OPERATION HAS NOT RECEIVED A FAIR TEST: TWO MAIN WEAKNESSES:

Let us deal at once with the nature of the experiment that has been on trial now for nearly five years, known as Co-operation. In this connection, I would like to urge that the relative failure to achieve convincing results under Co-operation to date - say, about $1,750,000 of savings a year where tens of millions have been held to be within the range of possibility - does not provide the slightest proof that Co-operation is the wrong method, and that it should now be abandoned, and that we should try something else. Both railway groups admit the inadequacy of the results so far achieved. One official termed the progress "disappointingly slow"; another estimated a period of 25 to 50 years before worthwhile savings could be established - at the present rate of going.

And yet, at one time or another in the past five years, it appears that almost every project that seemed to offer a chance for savings in the opinion of both groups of railway officials had been

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119524

inspected. What was it that blocked progress? All the evidence submitted to the Senate Committee, I believe, goes to show, not that Co-operation as a plan for large savings has proved a failure, but that the real failure rested largely in the un-cooperative attitude of the railway representatives. What Co-operation lacked was real co-operation behind it. In the majority of proposals for effecting savings, the railway committees reached a deadlock. This was hardly surprising - with two separate interests and two distinct properties involved. What is surprising is that no final efforts were made to break the repeated deadlocks. The two groups, in effect, "agreed to disagree". In not one single instance was there an attempt made to utilize what had been recommended by the Duff Commission and supplied by Parliament in the Railway Act, the "arbitral tribunal" - to bring the negotiations to a settlement and to realize the savings involved.

This picture was presented with startling vividness in the evidence before the Senate Committee, and appeared to have aroused the impatience of many. For there was seen to exist a serious - and highly disturbing - clashing of views: what under vastly different circumstances the Senate is familiar with as "incompatibility".

Clearly, something more than Co-operation, as we have had it so far, is required, and I am firmly convinced that public opinion in Canada will demand, not that the principle of Co-operation be abandoned henceforth, but that an Act of Parliament be passed to modify the present methods, and to compel a comprehensive test of Co-operation, under conditions more favourable for the maximum results. With this in view, I am submitting an amended Plan of Co-operation which I feel will be in close accord with public opinion in Canada; will accomplish many times what has been done so far under voluntary Co-operation, and, finally, will at least come close to achieving the net savings possible under various other proposals that call for a more drastic departure from existing conditions of operation.

Let us turn now to the Act of Parliament, the "Canadian National and Canadian Pacific Act", under which Co-operation was made binding on the railways. There appear to be two fundamental weaknesses in this legislation. One of these is the "voluntary" character of reference of disagreements to an "arbitral tribunal": I would make this compulsory. The second is the character of that tribunal: I would improve its efficiency and enlarge its scope.

In connection with this I would lay down two principles for the working out of Co-operation:

(1) That in dealing with the railways in Canada as corporations - just as with any other business situation - the fullest opportunity continue to be given those actually connected with the railways to work out a solution themselves, as the ones who should be the best equipped for this job.

PERMANENT AND LARGER RAILWAY TRIBUNAL:

(2) That if the whole field of possible savings is not explored by the railways, or if failure to agree as between the two groups results in a deadlock, automatically each project on which action is not taken within a specified period be referred to the arbitral tribunal. Two courses would be open to this body. First, if the cause of failure by the railways were due merely to inability to agree on the details, where the principle of the step had been approved, a decision should be given by the tribunal and sent back to the railways to put into effect. Second, to make a thorough survey of the entire field of possible savings, and to urge action along specific lines which the committee may have overlooked or disregarded.

And, closely associated with this larger authority for the tribunal, I would reorganize the body that the Railway Act contemplated, and make it a permanent tribunal, constituted as a branch of the Dominion Transport Board, and known as the "Railway Co-ordinating Tribunal".

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119525

CO-OPERATING COMMITTEE:

Action by the railways would be taken through a "Co-operating Committee". This would be an outgrowth of the present Executive Committee. This, however, up to the present, has been limited to representatives of the two railways. The new form of Committee would consist of three members, a representative from each of the railways, and a neutral chairman. The last-mentioned would occupy a pivotal position in Co-operating activities, to facilitate the reaching of agreements between the two groups and putting savings into effect. Heretofore no one has occupied such a position in the picture of Co-operation. To strengthen the status and influence of such a Chairman, as well as to indicate the importance of the Co-operating Committee in the solving of the Railway Problem, the Chairman might well hold the position as well as Chairman of the Co-ordinating Tribunal, and be Vice-President of the Dominion Transport Board. The official connection of this Chairman with the Tribunal would serve to ensure the closest contact between this body and the railway executives, in the process of Co-operation.

It would be the duty of the Co-operating Committee to pass in review the entire field of possible savings, and, whether disposed to act on these or not, to send up to the Tribunal considered reports on all such proposals. Under co-operation as it exists today, any disagreement between the railway executives would end in no action being taken. Under the new plan, the deadlock stage should be eliminated.

I have chosen the word "co-ordinating" as part of the title and functions of the "Tribunal" by reason of its duty being to "Co-ordinate" the established railway services of the country - to make them fit in and function to the best advantage of the national economy, or, as it has been referred to in Senate discussions, the "public interest".

RAILWAY EXPERTS ON TRIBUNAL:

The Co-ordinating Tribunal should be technically equipped so as fairly to adjudicate each step as between the two railways. Heretofore, in inquiries I have made of officials of each, in seeking to discover the real reason for so many deadlocks, the situation has been explained thus: "We would offer a $2 advantage to the other road and be met with only a $1 advantage as an offset. So naturally we refused to accept it". The explanation from the other railway would be almost identical, even to the wording.

The Tribunal must be in a position to meet such obstacles by inspiring confidence in its judgment. In the past, I do not believe any experienced railway man has ever occupied a seat on the Board of Railway Commissioners of Canada - the Tribunal in the past that held the scales of justice as between the railways and the public. On this new Tribunal, in order that justice may be rendered both railways, two or four expert railway officials should be placed. I am suggesting the appointment in the early years of railway men to the Tribunal as being likely, with the prestige of membership, to draw the higher type of operating railway executives. Later on, railway men might be part of the technical staff of the Board.

The need of expert advice on such a tribunal was indicated recently when the head of the C.P.R. urged on the Senate Committee the appointment of experts to pass upon the evidence laid before the Committee at the last session: the difficulty would be to find such experts today in Canada, outside the officials of the one railway or the other. This Tribunal would constitute such an independent, expert body.

And what of the impartial character of ex-railway men, today probably strongly partisan: could we look upon them not only as skilled but impartial arbiters? I think you will accept this answer: that such railway operators, placed in a position of honour and permanency could

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119526

be expected to give a similar type of public service as we are accustomed to receive from the most partisan lawyers when they are elevated to the Bench.

But, it might fairly be asked: Would the railways encourage a competent operating official leaving them for the Tribunal? The railways probably would recognize that the work of such men would prove of much more value in the effort to effect large savings for the roads than by any services they were rendering in their specific operating capacities.

I must admit that at first I was rather inclined towards "Compulsory" Co-operation. It looked so simple in getting results. But probably it was too simple to be sound. For this Railway Problem of ours - of all Canadians, just as much as of the Senate and the Government and the railways themselves - is complex and bristles with difficulties. There is at least one possible result of "compulsion" that should be given careful consideration. In the event that the private company was forced, without its consent, to carry out a broad programme of changes, involving loss of earning power and abandonment - and destruction - of assets, the security holders, as was the case with the shareholders of the Grand Trunk Railway Company, might seek to place responsibility upon the public body, and, therefore, on the Government of Canada. I do not like the precedent of 18 or 20 years ago.

WIDESPREAD PUBLICITY - A POWERFUL INFLUENCE:

In case it should be thought that under these circumstances we were getting back to the present unsatisfactory results of "voluntary" Co-operation - in spite of the large extension in the efficiency and scope of the Tribunal I have proposed - I would add the element of "Publicity". Periodically, there should be made public to the people of Canada a list of all the proposals for Co-operation and savings that had been under consideration, with the verdict reached by the Tribunal, the attitude of each of the railways, and the final step taken, positive or negative. Widespread Publicity, which has been largely absent so far, I am convinced would soon become one of the strongest influences toward securing comprehensive Co-operation. This would leave full responsibility with the railways, and remove it from the shoulders of the Government.

Hence, my final judgment would be in favour of "Supervised" Co-operation on a broad scale without recourse to compulsion on the part of an outside body.

May I also urge, that one of the most important functions of this proposed Co-ordinating Tribunal would be to analyze and appraise the possible savings of various suggested programmes of joint action by the railways, which by the nature of their sponsorship and the claims made in the way of large savings naturally have commended themselves to a considerable section of the public. That would be only fair to adherents of these plans; only fair also to those who are opposed to them and are adherents of other plans, in particular those who believe in the efficacy of Co-operation as an alternative; and only fair also to the general public who will be the final judges.

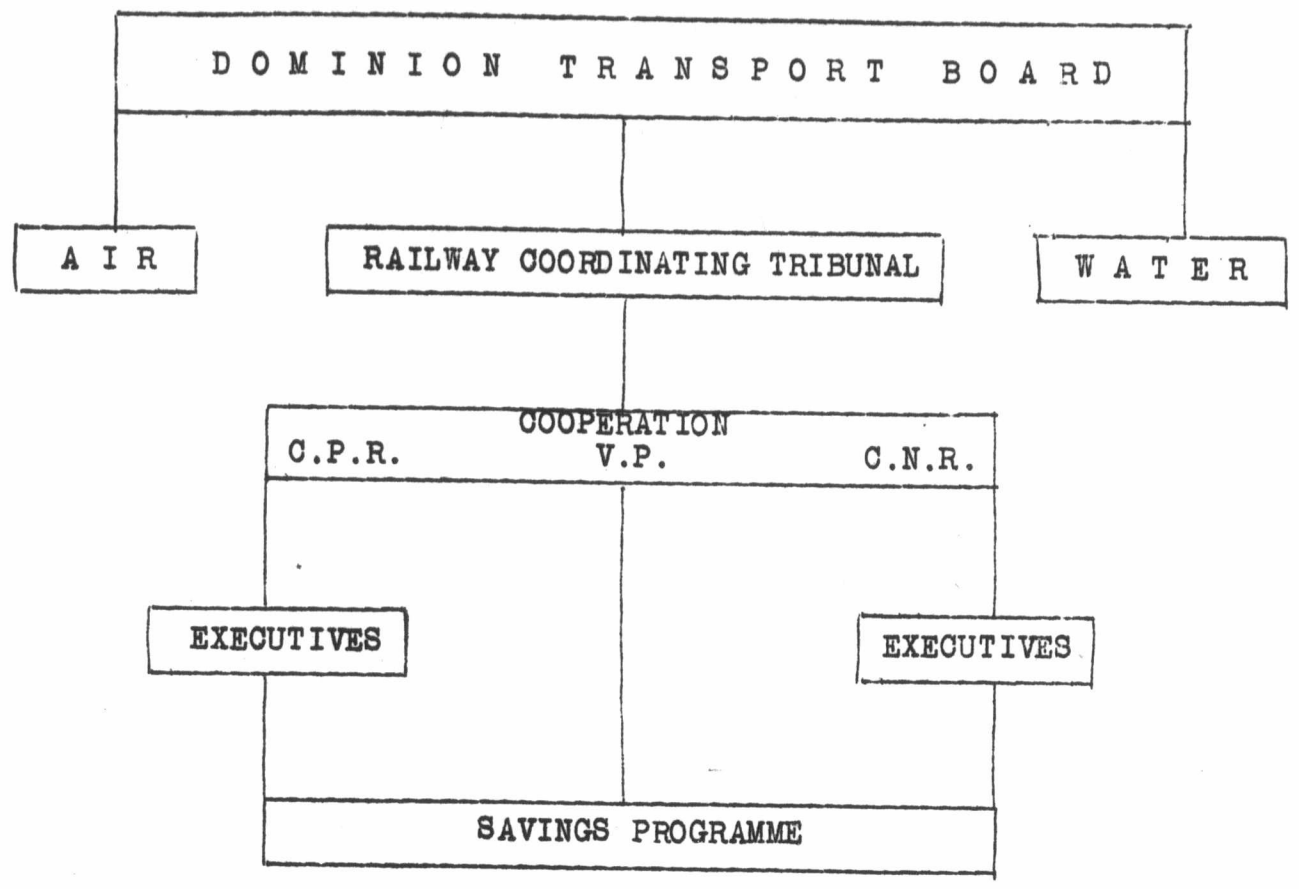
I have not attempted to work out the exact relation of the "Railway Co-ordinating Tribunal" to the over-all body, the "Dominion Transport Board". The former would have the job of "co-ordinating" the two transportation public utilities in the best interests of Canada; with the Transport Board, probably, as today, a court of last appeal - between the public, the railways and that other active agent in solving the railway problem, namely, the Co-ordinating Tribunal.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119527

Diagram Showing How Supervised Co-operation Would Work Out.




OBJECTIONS RAISED TO OUTSIDE TRIBUNAL:

A study of the evidence submitted before the Senate Committee at the 1938 Session has left me confused as to the attitude of at least one of the partners in Co-operation towards an outside, independent Tribunal, an important factor in the Railway Act and a much more important one relatively under the plan I have suggested of "Supervised" Co-operation. There was an apparent unwillingness to accept any intermediary in disputes. One statement raised a question as to "the judgment of an independent tribunal which would have to take up an isolated case which would affect a company throughout the whole system". Under the plan I have suggested, the Tribunal would not take up an "isolated" case; it would deal with a comprehensive programme, and balance up the items as between the two railways. In another instance, objection was raised to making application to a Tribunal as likely to disturb the "cordial" relations between the two groups. One wonders whether a heavy penalty is not being paid for "cordiality". Once again, it was urged that "compulsion" would remove the "responsibility" that has been recognized heretofore to exist "under statute and contract" with the Canadian Government. While I am not advocating "compulsion" it is only natural to raise the parallel instance of an almost complete surrender of "responsibility" (over assets and earnings) that would develop under Joint or Unified Management. In either case - with Compulsory Co-operation or Unified Management - the "quid pro quo" for a loss of responsibility would be 50% share in the savings.

ESTIMATES OF SAVINGS:

I have already urged that the amount of savings that might be accomplished under any particular plan should not be allowed to determine a decision in its favour - regardless of the final effect of any such plan on the "public interest". These various estimates of savings, however, cannot be ignored. They have two important

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119528

aspects: they must be an influence on a final selection of a plan for railway savings; and, secondly, the larger the claims for savings, the greater the probable influence on the public mind - all other factors being equal. Perhaps long years of experience over the predominating fallacy in estimates of savings under mergers or consolidations of industrial corporations have rendered me rather skeptical of practically all the estimates dealing with the Railway Problem. I would like, however, to check up on these estimates in two or three directions.

One estimate was that abandonment of 5000 miles of road would save $16,000,000, or $3,200 a mile. Even when this figure, at last session, was cut to $7,500,000, the average saving would be $1,500 a mile. Actual abandonments, so far as I have been able to learn, averaged far below even the latter figure, and some were down to $300 a mile.

One interesting test of the estimate of $75,000,000 in savings, and, I think, essentially a fair one, would be to allow for the 50 percent share claimed for the private company, that is, $37,500,000, and deduct this saving from operating costs as they actually were for 1930 to which the estimate applied. The result would be remarkable. The amount available for dividends would have been increased from $38,000,000 to over $75,000,000; 58% would have been earned on the 4% preferred stock instead of the actual 29%, and $5.33 on the common in place of $2.51. Allowing for the split of 4 - for - 1 in the stock in 1930, earnings on the common would have exceeded $21 a share on the old basis - a level never reached in the Company's history. Moreover, in place of almost 79%, the operating ratio would have been cut to 58%, a level sharply below that of any railways in the United States or Great Britain.

The average operating ratio of all the Class I roads in the United States in 1930, for instance, was 74.4% (in place of 58%); the best showing I could find being about 64% for the Chicago & Milwaukee, while the Pennsylvania was 74.8%, and the New York Central, 78.8%. The average of the four British railways was 80.8%, only the Great Western falling below 80%, and the London, Midland & Scottish operating at a ratio of almost 82%. The result indicated for the Canadian road would have been viewed, I am convinced, as a "railway miracle".

"NET" SAVINGS VERSUS "GROSS":

But we cannot afford to leave estimates of savings merely as "gross", without taking account of various offsets and necessary deductions arising out of steps taken by the railways to cut down costs. We must seek to determine what "net" savings will be after the "debit" items have been deducted from the "gross". So far as I have been able to discover, no attempt has been made to set forth the "net" savings in any estimate presented, and obviously I can only indicate a few in fairly general terms.

Among the offsets to gross savings, the element of labour bulks largely. One aspect of this is the admittedly lower level of efficiency of labour in any effort to consolidate the workings of two huge rival systems. This is a real but necessarily intangible item. Something much more tangible is the obligation arising out of the cutting down of employes through Co-operation and every other closer-working arrangement.

In one plan, major savings are based on a reduction of 25%, and the permanent lowering of railway jobs from 100% to 75% for the future - through the "painless" operation of conforming to an estimated "turnover" in labour of 5% per year for 5 years is declared to have no bearing on the national phase of the Railway Problem.

This theory might be accepted if the C.N.R. and C.P.R. were two private plants, and each undertook, in its own interests, to reduce its staff in 5 years by 25%, that is by over 40,000

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119529

employees. That might be none of our business: "Government must not interfere with private enterprise", it might be said. But Co-operation, Unification and half a dozen other plans have been urged from the outset primarily as a means of relieving a national burden (in the form of C.N.R. deficits after bond interest); of relieving taxation by tens of millions of dollars of "savings" under the Plan. Then what of the 40,000 fewer jobs available for Canadian labour - with railway jobs permanently cut from the 175,000 available in 1930? If conditions in the labour world were as 10 or 15 years ago in Canada, we might imply that other industries might find employment for 40,000 if the railway industry curtailed its operations to this extent. Today, this would be impossible; strike off 40,000 jobs anywhere - even the 30,000 (25% of 1938 employees) - and a huge additional burden of relief would fall on the Government; and so on the taxpayer (and relief to the taxpayer is the major reason advanced in favour of any Railway plan, so far).

IF 25% OF RAILWAY JOBS WERE WIPED OUT:

The following table will help to make this hypothesis more clear:

| RAILWAY EMPLOYEES | | | SALARIES AND WAGES | | AVER. WAGE PER YEAR | | RATIO OF WAGES TO | |
|---|---|---|---|---|---|---|---|---|
| Year | Number | Index | Amount | Index | Amount | Index | Revenues | Expend. |
| 1926 | 179,800 | 100.0 | $260,350,390 | 100.0 | $1,448 | 100.0 | 45.7% | 58.0% |
| 1927 | 182,143 | 101.3 | 273,932,396 | 105.2 | 1,504 | 103.9 | 48.1 | 58.9 |
| 1928 | 187,710 | 104.4 | 287,775,316 | 110.5 | 1,533 | 105.9 | 47.0 | 59.8 |
| 1929 | 187,846 | 104.5 | 290,732,500 | 111.7 | 1,548 | 106.9 | 48.9 | 60.2 |
| 1930 | 174,485 | 97.0 | 268,347,374 | 103.1 | 1,538 | 106.2 | 55.4 | 66.1 |
| 1931 | 154,569 | 86.0 | 229,499,505 | 88.2 | 1,485 | 102.6 | 58.5 | 65.4 |
| 1932 | 132,678 | 73.8 | 181,113,588 | 68.6 | 1,365 | 94.3 | 56.4 | 64.5 |
| 1933 | 121,923 | 67.8 | 158,326,445 | 60.8 | 1,299 | 89.7 | 53.9 | 62.5 |
| 1934 | 127,326 | 70.8 | 163,336,635 | 62.7 | 1,283 | 88.6 | 54.3 | 64.8 |
| 1935 | 127,526 | 70.9 | 172,956,218 | 66.4 | 1,356 | 93.6 | 51.2 | 60.1 |
| 1936 | 132,781 | 73.9 | 182,638,365 | 70.2 | 1,375 | 95.0 | 49.9 | 59.0 |

1937 and 1938 -- No figures yet available on exactly same basis as those for prior years.

This table shows that the number of railway employes rose from 179,800 in 1926 to the peak of 187,846 in 1929, but that the number was cut down by 66,000 by 1933, and only slightly increased since then. Wages rose from $260 million in 1926 to $290 million in 1929 - the peak for all time. The average wage of $1,548 in 1929 fell to $1,283 by 1934.

But, apart altogether from the sharp drop in railway employment through falling revenues, it is proposed - to effect savings - to cut down normal employment by 25%. In the light of unemployment conditions and of jobs available in Canada today, this further cut (large or small) necessarily is thrust into the foreground as a matter of national concern, a very definite part of our Railway Problem. I have tried to illustrate this phase by the following table:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119530

| Year | 25% of Employes | 25% of Wages | Average Wage | Amount at $500 |
|---|---|---|---|---|
| 1926 | 44,950 | $65,087,597 | $1,448 | $22,475,000 |
| 1927 | 45,536 | 68,483,099 | 1,504 | 22,768,000 |
| 1928 | 46,927 | 71,943,829 | 1,533 | 23,463,000 |
| 1929 | 46,961 | 72,683,125 | 1,548 | 23,480,000 |
| 1930 | 43,621 | 67,086,843 | 1,538 | 21,800,000 |
| 1931 | 38,642 | 57,374,876 | 1,485 | 19,321,000 |
| 1932 | 33,219 | 45,278,397 | 1,365 | 16,609,000 |
| 1933 | 30,481 | 49,581,611 | 1,299 | 15,240,000 |
| 1934 | 31,831 | 40,834,159 | 1,283 | 15,915,000 |
| 1935 | 31,881 | 43,239,054 | 1,356 | 15,940,000 |
| 1936 | 33,195 | 45,659,591 | 1,375 | 16,597,000 |

The figures speak for themselves. Taking the year 1930 again, a 25% cut in employes would have amounted to 43,000, whose share of total wages would have been $67,000,000. Under conditions of heavy unemployment prevailing for years past, due to a serious lack of available jobs for employable men, any heavy reduction in railway jobs would increase by close to that amount the number of unemployed. Take the average wage of $1,538 prevailing in 1930, and even if only $500 a year were paid to keep a family on relief (that under normal conditions of 100% railway employment would have received a job on the railways), some $22,000,000 would require to be deducted from estimated gross savings to cover the extra drain on the public treasury as the direct result of these railway savings. And so on, for other years. Hence, our railway deficit would be reduced, but our <u>unemployment relief</u> would be increased.

Once again, there is no suggestion that if 75% of the employes would be sufficient, the railways should be forced to employ 100%: the figures are presented simply as a large and serious debit item - from the national standpoint - against estimated gross savings.

These debit items, then, would include heavy capital expenditures, dislocation of efficiency if a unified management were to be put into effect, such dislocation of industry as would result from a widespread abandonment of mileage, and the relief problem arising out of the reduced employment. It would be extremely difficult to hazard even a guess as to what proportion of <u>gross</u> estimates this <u>net</u> balance finally would represent.

<u>UNIFIED MANAGEMENT ONLY HALF WAY - CONTEST FOR CONTROL?</u>

Several proposals, public and private, have based estimates of substantial savings on a form of consolidation of the railways, not of assets, but to the extent of their operation under Joint or Unified Management. Generally speaking, a Board of 15 members has been suggested. In one case, 5 would be chosen by the Government as representing the C.N.R. interest; 5 by the Canadian Pacific, and these 10 were to be given the task of agreeing upon another 5. In another instance, the third 5 were to be chosen by various public bodies. But either plan, in an attempt to lay one problem, raises another that promises to bristle even more with difficulties. If years have gone by without the two railway groups being able to reach agreement on certain mechanical details, and to go ahead and save money, what about agreement on the major point - the personnel of management - the five men who will hold the "balance of power"?

For Unified Management is not an ordinary "merger", a consolidation of two independent systems into one unit. Where two corporations merge, a new corporation usually is born, with the old securities eliminated and replaced by new; the two old individualities eliminated and replaced by a single new one. There is no reason why the old antipathies and jealousies between competitors should then survive. There will no longer be the interests of "A" or the interests of "B" - the interests of "C" alone exist. Hence the two groups can work together freely; even with enthusiasm.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[ 19531 ]

But Management only? Either the plans go too far in seeking a unified management of two separate systems; or they go only half far enough - and should have unified these two systems so as to eliminate their separate interests and enable a real unified management, in control of a single, unified system, to function without friction. As it is, the Canadian Pacific will still remain a separate corporation (whatever is done towards merging its physical assets); it will have a president, I presume, vice-presidents and other executive officers; and what perhaps, is more important still, it will have tens of thousands of holders of its preference and ordinary stock, and holders of its debentures and bonds. And the Canadian National Railways will still exist as a separate entity - with officers, and huge liabilities in the form of bonds in the hands of the public - and, most important and difficult of all as a divisive element, there will be the public interest, and the trusteeship for the public that will remain vested in the government of the day.

The "Semi"-Unified plans suggested would be difficult enough - exceedingly difficult to operate - if the two systems were privately-owned. Leaving a private corporation and one publicly owned to continue apart but with a merged management would only complicate the other difficulty. The vital point for each would be control of management, and the scramble for control of the five neutral members on the Management Board is suggestive to me of something that might easily prove to be one of the most unholy spectacles in the railway or political history of Canada.

A complete unification would require the consolidation of assets and of securities, as well as management, into one common corporate system. I am convinced, in the face of the strange anomaly of two great transcontinental systems operating side by side, with one representing "private", and the other, "public" ownership, that the only complete and logical unification would be the "nationalization" of the railways of Canada under public control. Such a consummation, I firmly believe, would be advantageous only if present railway conditions became much more serious than they actually are today. It is to prevent such an emergency step that I have urged this plan of Supervised Co-operation.

AMALGAMATION WOULD CAUSE NEW PROBLEMS OF MANAGEMENT:

The next step after Unified Management, and often urged, is that of "amalgamation of assets". As the British post-war reorganization of its railway system into the present four units has frequently been cited as an example for Canada (although "four" is a good deal more than "one"), I would like to place on record an opinion given recently by Sir William Wood, Vice-President and Financial Adviser to the greatest railway in England, the London, Midland and Scottish. The question was asked this official, at the time (late last year) of the appeal of the British railways to the Government for the wiping out of all restrictions in order that the roads might be the better able to compete with the trucks, as to whether "amalgamation" were not a possible remedy. His reply, which emphasizes also the "public" interest, as well as that of the railways, was as follows (according to "The Financial News", of London):

> "Railway amalgamation would not materially affect railway net receipts; in fact, it might cause new problems which would decrease net receipts.
> "I see it suggested that the railway workshops should be reduced in number. Each of the amalgamated companies has made reductions in the number of its shops, but very gradually owing to the disturbance it created.
> "This involves the fortunes of whole towns. Assuming Doncaster, Wolverton, Crewe, Derby and Swindon were amalgamated into one or even two, very difficult questions would immediately arise in regard to the transfer of staff, with its reaction on housing questions.
> "There is a limit to the size of businesses, and amalgamation would cause new problems of management. But shortly, amalgamation does not solve the present difficulties or even ameliorate them."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19532

## RAILWAY REVENUES VS BUSINESS ACTIVITY

I would like now to deal with a department of the railway situation in Canada that may provide quite as broad a field for effective improvements in net earnings as Co-operation or Unified Management or any other method that may be considered by the Senate Committee or the Government. I refer to the serious losses in recent years of freight and passenger revenue through highway competition. So destructive has this been to railway revenues that the latter have failed by a large margin to keep pace with the gains shown in industrial activity throughout Canada. During the Senate inquiry, Senator Meighen made reference to this outstanding phase in these words:

> "Keep in mind that the railway business has been for years a diminishing business relative to the aggregate business of the country".

Until I read this statement, in a study of most of the 1,250,000 words of evidence, I had only realized this truth vaguely. When I came to explore it, I was amazed at the extent to which the railways had been falling behind the pace of business in Canada. I would like to record the alarming facts and to try to interpret them. The table sets up a parallel of volume of railway business in Canada and volume of business activity from 1926 to 1938, with the 1926 results taken as the yardstick and designated 100.

| Year | Gross Revenues C.P.R. & C.N.R. | Index of Railway Bus. | *Physical Vol. of Bus. Index | % Increase over 1932 Rly. Revenues | % Increase over 1932 Bus. Index |
|---|---|---|---|---|---|
| 1938 | $324,339,000 | 69.2 | x112.4 | 13.8% | 42.8% |
| 1937 | 342,984,363 | 73.1 | 122.7 | 20.3% | 55.9% |
| 1936 | 325,173,252 | 69.3 | 112.2 | 14.1% | 42.6% |
| 1935 | 302,863,406 | 64.4 | 102.4 | 6.3% | 30.2% |
| 1934 | 290,445,457 | 61.9 | 94.2 | 1.9% | 20.0% |
| 1933 | 262,789,430 | 56.0 | 79.7 | - 7.8% | 1.2% |
| 1932 | 285,040,308 | 60.8 | 78.7 | - | - |
| 1926 | 469,000,000 | 100.0 | 100.0 | - | - |

xFirst 11 months.

*Figures of Dominion Bureau of Statistics.

Some of these contrasts are startling: indeed, one does not need to go beyond this brief record to discover the chief origin of a "Railway problem" in Canada today.

### RAILWAYS OFF 44%; BUSINESS ONLY 20%:

How far did railways and business slump during the depression? By 1932 the business index was off from 100 in 1926 to 78.7; the index of railway revenues was down to 60.8: business was off 21.3% but the railways were down nearly 40%.

In 1933, railway gross was still lower, off 44% from 1926 totals, while business in general was beginning to pick up - at 79.7% of 1926 - off only 20.3%.

In 1934, railway gross was 61.9% but business up to 94.2% of 1926 - the one still down 38%, business now off only 6%.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

In 1935, railway gross at 64.4%, but business actually higher than in 1926 at 102.4% - one still off 35.6%, the other actually up 2½%.

In 1936, railway gross up to 69.3% of 1926, but business up to 112.2%; railway still off 30% from 1926, but general business 12% above 1926.

In 1937 - the peak of the recovery - railway gross at 73.1%, but business up at 122.7% - railway still below 1926 by 27% but business almost 23% higher.

In 1938, railway gross down again at 69.2%, with business at 112.4% (for 11 months) - again a very sharp contrast; the one off 31%, the other above 1926 by 12%.

RAILWAY RECOVERY ONLY ONE-THIRD OF BUSINESS:

Or again; the depth of the depression (for the railways), 1933, found railway revenues off no less than 44% from 1926 - down from $469,000,000 to $263,000,000 - while the business index had fallen only 20%.

Or, put it this way; from 1932 to 1938, railway revenue recovered only 13.8%, where business had recovered 42.8%; that is, railway revenue recovery in six years was not one-third the percentage of business recovery in Canada!

EACH RAILWAY'S LOSS ALMOST IDENTICAL:

A study of the experiences of the C.P.R. and C.N.R. will make it clear that in this phase of the railway problem, as indeed in most, each suffered almost identically: highway competition played no favourites.

C.P.R. gross recovered 27.2% from the railway depression low of 1933 to the high levels of 1937, while the C.N.R. showed a gain of 33.2% - C.P.R. being up from $114 million to $145 million; C.N.R. up from $148.5 million to $197.9 million.

But, between 1933 and 1938, C.P.R. gross was up 24.6% while C.N.R. gross was up 22.6% - as against a business gain of 42%. The contrast between 1932-1937 and 1932-1938 results from the two systems (in one the C.N.R. gain being higher, and in the other C.P.R. being up slightly more), was that United States business originating in its Grand Trunk Western division gave the C.N.R. a marked advantage in gains in 1937 over the C.P.R. In 1938, the positions were reversed. Losses were sharper for the C.N.R. through a heavier decline in U.S. business than Canadian, especially that business having its origin in the automobile area of Detroit and vicinity.

But, let us note carefully, nature was distinctly neutral - refusing to recognize any distinction between the "public" and the "private" systems.

GROSS LOSS OF $204,000,000: HOW MUCH CAN BE REGAINED?

Let us leave these glaring discrepancies in percentages and make a single check-up on just what it would have meant in revenue to the railways had they continued - as years ago - to progress in line with the business index (which includes not only industry but agriculture, and the development of natural resources, production, exports, and a score of other constituent elements of national activity).

In 1938, the business activity index was 12½ per cent ahead of 1926. In 1926, railway revenue was $469,000,000. Add 12½ per cent to this, and the total would be $528,000,000. Actual railway revenues in 1938, however, were only $324,000,000 - or $204,000,000 less - a terrific difference; and most of it was the toll paid to highway competition in Canada!

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119534

This is the picture so far as gross earnings are concerned. What of net?

The $528,000,000 - on the basis of the business index - happens to have been just under gross railway revenue recorded in the year 1928 (and a little more than in 1929). Net profits of the two railways in 1928 were almost exactly $106,000,000. And net operating revenue of the railways in 1938 was barely $27,000,000.

Here is a sheer drop in net revenue, due in the main to highway competition, over $70,000,000. Regulate highway traffic; enforce fair competition with the railways, and restore a considerable part of this $70,000,000 to the railways in higher net profits - and the bigger part of the "railway problem" is solved.

PASSENGER AND FREIGHT CONSIDERED SEPARATELY:

It will be of interest and value in seeking to adjust the position of the railways to highway competition to consider the elements of revenue separately, as from passengers and freight. The record given below indicates that passenger revenue has been struck more severely than freight, from the combined losses to motor cars and busses. For instance, in 1932, passengers carried by the railroads in Canada, 21,099,582, was barely one-half of the total in 1926, which was over 42,000,000. And, perhaps, even more significant, while business recovered over 40% from 1932 to 1936, the number of passengers carried on the railroads in 1936 was actually less than in 1932.

Freight tonnage in 1932 was only 58% of the 1926 total (60,000,000 tons against 105,000,000), but, at least in 1936 freight volume had gained 15,000,000 tons, or 25%. Even at that it was 28% below 1926 levels, where business activity was 12% above.

The comparative record follows:

| Year | Passengers | Index No. | Freight(tons) | Index No. | Phy. Vol. of Bus. Index |
|---|---|---|---|---|---|
| 1926 | 42,686,166 | 100.0 | 105,221,906 | 100.0 | 100.0 |
| 1927 | 41,840,515 | | 106,011,255 | | |
| 1928 | 40,592,792 | | 118,652,969 | | |
| 1929 | 39,078,893 | 95. | 115,187,028 | 109. | |
| 1930 | 34,698,767 | | 96,194,017 | | |
| 1931 | 26,396,812 | | 74,129,694 | | |
| 1932 | 21,099,582 | 49.4 | 60,807,482 | 57.8 | 78.7 |
| 1933 | 19,172,193 | | 57,364,025 | | |
| 1934 | 20,530,718 | | 68,036,505 | | |
| 1935 | 20,031,839 | | 69,141,100 | | |
| 1936 | 20,497,616 | 48.0 | 75,846,566 | 72.1 | 112.2 |

NOTE: If passenger traffic had kept pace with the Business Index the total for 1936 would have been 47,893,000 - instead of 20,497,000. Had freight traffic kept pace with the Business Index, the 1936 total of tons of freight would have been 118,057,000 tons - instead of only 75,846,000 tons.

SECOND PROBLEM: HIGHWAY COMPETITION:

This brings us up fairly against the Second Phase of the railway problem. The first, of course, is, How best to undo present excess mileage and duplication to the end that substantial "savings" will accrue to the railways. This deals with net revenue, in the main. The second is, How best to bring to an end, or at least to modify, the unfair competition for the regulated railways that has developed from highway traffic - truck and bus - that is unregulated; whose rates are grossly unfair to the railways in that the truck is free to take the cream of business offered and to reject what is unprofitable, while the railway as a "common carrier" is forced to transport whatever is offered to it; unfair, also, in that trucks (and busses) are not required to contribute their fair shares of the costs of building and

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119535

maintaining the highways, while the railways bear the entire cost of their own individual "highways"; unfair; also, in the inadequate regulation of hours of labour, of wages and other conditions of employment - and in a host of other directions.

That highway competition is largely responsible for the loss of $200,000,000 of gross revenue and net of $70,000,000 for the railways makes it clear that the results that might fairly be anticipated from a fair regulation of highway traffic compare closely with the gains in net revenues that would accrue from Co-operation between the two systems. Thus, <u>two Co-ordinations</u> are essential to improve railway revenues and to ease the railway burden of the Canadian taxpayer:

1. To Co-ordinate operations of the C.N.R. and C.P.R., and

2. To Co-ordinate railway and highway competition.

As I have noted before, provincial claims of jurisdiction have prevented the inclusion of highways under the Dominion Transport Board. Obviously, the Federal and Provincial authorities must get together and work together - for the railway problem, as it concerns the public, is equally a problem of the provinces as of the Dominion. The two groups, therefore, in conjunction, should seek a solution: else Canada's railway problem will be only half solved; and the potential savings be only half realized.

<u>CANADA, GREAT BRITAIN, UNITED STATES IN IDENTICAL POSITIONS</u>:

In solving this second problem, Canada will have the advantage of exactly similar efforts being made in the United States and Great Britain to work out some method of establishing some fair basis of highway competition with the railways. Indeed, in the United States, the railways' loss of passenger traffic, if not freight, has been much more pronounced even than in Canada.

There has just reached me a copy of a report issued by the Institute of International Finance of New York University on "The Railroad Problem in the United States".

The report of the Institute opens by citing the "far-reaching adverse economic effects" of the "severe decline in the traffic and earning power of American railroads during recent years". These include: great curtailment of employment on railways and in industries that serve them; costly results to financial institutions as holders of more railroad securities than of any other industry; quality of service to public checked in improvement of quality through inability to raise money freely for modernization; business stability undermined through failure of railways to make normal capital expenditures - as they are largest U.S. industry next to agriculture.

<u>Decline in Income</u> - Operating revenues of Class I roads almost cut in two, from yearly average of $6,167 million between 1920-1929 to $3,127 million im 1932 - up to $4,166 million in 1937; down to $3,560 million in 1938. Income available for fixed charges down from average of $1,292 million to $551 million in 1932, and only $540 million in 1938.

Also: number of employes on same roads down from 2,022,000 in 1920 to less than 1,000,000 in 1938.

Some 100 roads, operating 78,000 miles of line, or more than 30% of total, <u>now in bankruptcy or equity receivership awaiting reorganization</u>. In case of 37 class I roads being reorganized, bonds outstanding are $3,767,000,000.

In 1937, production almost equal to 1929 peak, but freight revenue off 20%.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119536



In 1920, passenger traffic of 47,370,000,000 passenger-miles record for all time - down to low level of 16,368,000,000 passenger-miles in 1933, or one-third of 1920.

Transportation Tends to Increase - In dealing with the "long-term" outlook for the railways, the Institute lays down the theory that "the total volume of all forms of transportation required by the people of the United States will tend to increase, over a period of time, as the population grows and the standard of living is raised. A higher standard of living usually brings in its wake an increased per capita demand for transportation, both for goods and persons. It is true that certain influences, such as the growing decentralization of industry, the loss of agricultural export markets, and the substitution of hydroelectric power for coal, reduce the demand for transportation services. Yet, on balance", it concludes, "the long-term trend of the total volume of transportation should continue to be moderately upward".

It next refers to what it regards the most serious element in the railway situation. "The railroads", it is declared, "have been performing a declining percentage of the total volume of transportation in the United States since the World War period. Motor vehicles and pipelines have been making persistent inroads into the share of freight transportation performed by the railroads while private automobiles and buses have diverted the larger part of the passenger traffic".

FOUR MAIN PROPOSALS OF REMEDIAL NATURE:

The Report cites four of many remedial proposals that deserve particular attention, as follows:-

A. Relaxation of regulations to permit the railroads to compete more vigorously and effectively with their competitors;

B. Co-ordination and consolidation of railroad facilities;

C. Drastic financial reorganizations to bring fixed charges well within existing earning power;

D. Government ownership and operation.

AS TO A: The Report holds that "some relaxation of regulatory restrictions on the railroads, now that they are subject to such keen competition from other transportation agencies, is doubtless desirable. However, from the earnings standpoint", it is added, "it is probably more important that the competitors, especially the motor carriers, be brought under fuller regulation themselves so that they will be required to compete on a more equal basis with the railroads". Warning is given that relaxations for the railways that would lead to "excessive rate cutting" on their part would lead to "a reduction in railroad earning power, rather than its rehabilitation".

AS TO B: The most ambitious plan for wholesale Co-ordination and consolidation was the "Prince Plan", which proposed a combination into seven systems. The sponsors estimated economies of $743,000,000 annually on the basis of the "very depressed year 1932". The Report states that "it is very significant that Joseph B. Eastman, when he was Co-Ordinator of Transportation, made a very careful check of these claimed economies and found that the Plan would yield a minimum of $218,462,000 of annual economies under the most unfavourable assumptions". The Report considers that "large savings in operating costs could be achieved through co-ordination and consolidation".

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19537



"Severance Compensation" - Such a proposal, it is declared, found powerful opposition from the railway labour unions, and in 1933 a clause was inserted in the Transportation Act providing that the position of no railway employe could be changed for the worse by Co-Ordination projects. In 1936, a voluntary five-year agreement was reached between railroad managements and unions under which such loss of employment required payment of an allowance varying from two months' full pay for less than one year's service, to 60 per cent of the regular wage scale for a period of five years where there had been fifteen years of service. In the case of the Prince Plan, 76,000 employes would have been displaced, "involving dismissal pay of about $53,000,000 on the first year". The Report concludes: "Despite the problem of severance compensation, however, co-ordination and consolidation constitute the most promising available remedy for the financial difficulties of the railroads".

The C solution is hardly applicable to the Canadian situation.

AS TO D: Government Ownership - strongly supported by Mr. Eastman, even he opposed this as a solution for the present, it is declared, "because it would eliminate the benefits of competition, serious administrative problems would be raised, labour relations would become even more inflexible, and there is no aggressive public sentiment in favour of public ownership". In addition, "the government is not now in position to assume the heavy financial burden involved".

FOR LONG-TERM OUTLOOK HIGHWAY COMPETITION MUST BE SOLVED:

The Report definitely singles out the meeting of highway competition by the railways as the strongest hope for the future - in these words:

> "The long-term outlook for railroad traffic depends primarily upon the ability of the railway lines to check the diversion of freight and passengers to other transport agencies".

Certain recent developments had strengthened the ability of the rail lines to retard further diversion. These were summarized thus:

1. Rival transportation agencies are being subjected to stricter government regulation (since 1935). Still, "railway regulation is still far more strict than that applicable to their rivals", it is declared.

2. Taxation of competing forms of transportation has been on the increase.

3. Wages and working conditions are being improved in the truck and bus industries, "thus limiting another major advantage of the railways' rivals".

4. The railroad lines have bettered their technique, through store-door pickup and delivery service, faster delivery of freight shipments, the use of containers and detachable trailers, etc., so that the character of the service given the shipper of package and high-value freight by rail is more nearly equal to that furnished by the trucker. "However, much remains to be done in this direction", is the comment.

(This last paragraph applies also to Canada, as does also the following summing-up on this subject in the Report):

> "It may be concluded, therefore, that, while the railroads will doubtless lose additional traffic to competitive transportation media over a period of time, the rate of such diversion should be far more gradual

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119538



than in the past. Also, some of the traffic previously lost may be regained through better service or rate concessions, as is now being witnessed where streamlined fast passenger equipment and lower fares are causing travelers to shift back from buses to trains".

(NOTE: Experiences in Canada will bear this out).

FACTORS OF CHANGE IN RAILROAD EARNING POWER:

The Report contains the following summary of how various phases of railroad earning power have deteriorated in recent years:

| | 1937 | % of 1929 | % of 1923 |
|---|---|---|---|
| Revenue freight ton-miles carried (millions) | 360,620 | 80 | 87 |
| Average revenue per ton-mile (millions)..... | 9.35 | 87 | 84 |
| Freight operating revenues (millions)..... | $3,370 | 70 | 73 |
| Revenue passenger-miles (millions)..... | 24,655 | 79 | 65 |
| Average revenue per passenger-mile (cents).. | 1.794 | 63 | 59 |
| Passenger operating revenues (millions)..... | $442 | 51 | 39 |
| Total operating revenues..... | $4,166 | 66 | 66 |
| Maintenance expenses (millions)..... | $1,322 | 64 | 58 |
| Total operating expenses (millions)..... | $3,119 | 69 | 64 |
| Taxes (millions)..... | $325 | 82 | 98 |
| Net railway operating income (millions)..... | $590 | 47 | 61 |
| Net income (millions)..... | $98 | 11 | 18 |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 119539



## HOW ENGLAND IS SOLVING RAILWAY PROBLEM

### Agreement Between Railways and Truck Organizations to Ease Highway Competition.

In England, so-called amalgamation, which still has left four independent railway systems, has not solved the railway problem. Conditions still continue as a serious menace to maintenance of adequate earning power. So much so, that representatives of the railways, late in November last, waited upon the Ministry of Transport to urge the removal of government restrictions on the railways in order that they might be left free, and so better armed to wage war on what was declared to be the real problem, highway competition.

In the end, a plan for Co-operation between the railways and the truck organizations, or "hauliers" as they are termed, was proposed and a "square deal" agreement was worked out. Both groups agreed to set up a "Central Consultative Committee" to arrange measures of co-ordination, and the railways, in turn, gave certain guarantees for the protection of industry, in the event that existing restrictions on rates and other conditions were removed or relaxed.

An account of the agreement reached on February 5, 1939, appeared in the Weekly Edition of "The Manchester Guardian" of February 10, and I reproduce this in full below, as affording suggestions for a similar compromise - for the benefit of the Canadian railways and as a substantial means for solving the railway problem of Canada. The article reads as follows:

"Representatives of the railway companies and of the Liaison Committee on road transport rates reached the basis of agreement on the railways' 'square deal' proposals in London on Monday (Feb. 5, 1939). A joint memorandum embodying the agreed proposals will be submitted by the two industries to the Transport Advisory Council.

"The effect of the plan is that the railways will restrict objections to certain types of haulier licences for two years after receiving their freedom. The two industries agree to establish a Consultative Committee to arrange measures of co-ordination and deal with difficulties, and there are safeguards for the protection of industry in the form of right of appeal to a tribunal.

"An official statement issued at the end of the meeting said that the road haulage industry, subject to safeguards, will raise no objection to the "square deal" proposals. The two industries have drawn up a joint memorandum. Both the railway and the road-haulage industries hold the view that due regard must be given to the ultimate objective of co-ordination of all forms of transport. They are convinced, however, that it would not be practicable to apply to road transport the present railway rates structure with its elaborate classification, restrictions and obligations.

"In order to afford road hauliers greater freedom to negotiate agreements for the co-ordination of their own industry, the railways have given an undertaking that they will not, unless there are exceptional circumstances, raise objections for two years after they have been given their freedom to applications for -

(a) The renewal without any alteration of existing A or B licences;

(b) The granting to existing hauliers of A licences for additional vehicles;

(c) The granting to existing hauliers of additional B licences for vehicles whose operations are limited to a radius not exceeding twenty-five miles.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 119540



"The two industries agreed to set up voluntarily a Central Consultative Committee to arrange measures of co-ordination and to deal with difficulties that may arise. The committee will consider and formulate the principles on which voluntary agreements can be entered into in regard to the rates to be charged by road and rail for merchandise traffic.

"In regard to the fear of the road haulage industry that the railways, if freed from their present obligations, might use the freedom coercively, the railways state that it is an explicit part of their proposals that they should charge reasonable rates and that there should be a right of appeal by traders on the question of reasonableness to a tribunal.

"The memorandum claims that the recommendations contain ample safeguards for the protection of trade and industry in the form of a right of appeal to a judicial tribunal, and that nothing in the proposals involves any interference with the right of the trader to use his own vehicles under a C licence.

"The two forms of transport, the memorandum concludes, will continue to exist side by side as competitive but co-ordinated agencies."

CANADIAN RAILWAYS AS HIGHWAY OPERATORS:

Coming back to the Canadian situation, one feels that the only solution is not a fair regulatory control over competing highway operators. One dares to hold the view that the railways themselves - even at this late date - could profitably enter the bus and trucking business. What more complete and attractive service could the railways offer to potential customers, than the alternative of rail or truck facilities to move flour, or sugar, or cement - or the thousand and one commodities that have slipped, here and there, from their grasp?

I would like to give two examples of possibilities along this line. One is the Provincial Transport Co. of Montreal, which is controlled by Montreal Tramways Company and is steadily expanding its excellent bus services over the Province of Quebec. I am not quite clear that the two railways could not have organized a joint bus service years ago - to supplement and fit in with train passenger service. Starting in competition today with Provincial Transport obviously would constitute unfair competition.

The New York, New Haven & Hartford Railway (steam) gradually has developed or absorbed a large percentage of bus and truck business in Massachusetts, Rhode Island and Connecticut, largely through the "New England Transportation Company", and operates also in New York State.

FAIR BUS DECISION OF QUEBEC PUBLIC SERVICE COMMISSION:

In many quarters the view seems to be held that just because a dispute in jurisdiction over the highways has arisen in the case of at least two Provinces, the "provincial" attitude, if it can be considered as distinct from that of the Federal, favours local bus or truck organizations and is not disposed to treat the steam railways fairly.

Such a conclusion cannot be assumed. I have just come across a judgment rendered by the Public Service Commission of Quebec that impresses me as an almost ideal method for a government body to adopt in sizing up the relative claims of a railway and an applicant for a bus licence, and might well serve as one basis for the regulation of highway competition. As I have not seen it quoted yet, I will make a brief summary of the case.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119541



An application had been made to the Commission by a private party for authority to handle passengers by taxi, at so much per person, from Dolbeau to Quebec, going through the National Park. The application was opposed by the Canadian National Railways on behalf of a subsidiary, the Quebec and Lake St. John Railway. For the latter, it was stated that it had been a pioneer in establishing communication between Chicoutimi, the Lake St. John region and Quebec, for both freight and passengers; that the only and exclusive means of travel between Quebec and these districts during the winter season (almost seven months of the year) was by trains of this company; that costs were particularly high on account of the rigorous climate and heavy grades; that during the last few years three vehicular roads had been opened up by which both passenger and express traffic had been diverted in great part to automobiles or trucks; and, that, if present existing competition were increased, the railway would be forced to adopt drastic curtailment of its services so as to avoid serious losses.

It was also pointed out that the railway company "makes a distinction between auto bus operations which are complementary to the rail service, capable of being co-ordinated with the rail service, and auto bus operations which accomplish little or nothing in added service to the public but merely serve to divert from the railway local and long distance travel". In regard to complementary auto bus services, the railway agreed to co-operate with approved bus operators of this category by mutual arrangement of bus and train schedules, the use of stations, interchange of tickets and ticket facilities, and "any other measures which will co-ordinate services and make for efficiency, economy and public convenience". The commission was informed finally that "if the railway receives protection against competition for its local and long distance services, it is prepared to furnish a reliable adequate summer and winter service", and to co-ordinate its services with complementary auto bus services. If, however, it was stated, "the railway must face competition from auto buses in its local and long distance services, then the railway refuses to recognize any obligation to furnish any passenger service winter or summer which does not pay".

The Commission refused the private request, under the following judgment:

"After careful consideration the Commission has reached the conclusion that the evidence submitted by all parties would not justify it in granting the request of the Applicants, but on the contrary if it were granted it might lead to a modification of train service prejudicial to the district in question as well as to the inhabitants thereof.

"The Commission wishes to call attention to the fact that during the winter this region has no other means of transportation but the railway and if it is desired that this means continue it is important to make this possible by avoiding all competition which local needs do not call for at the moment".

RAILWAY TO OPERATE BUSES:

The final step was an application by the railway itself to the Commission for permission to operate a bus line of its own between the Lake St. John district and Quebec City, the highway being only 157 miles in comparison with 226 miles by rail. This request, I understand, is expected to be granted - completing a sound policy in relation to railway and highway competition, a government regulatory body, and the interests of the public.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119542



## HOW THE PUBLIC INTEREST IS INVOLVED

I would like to make some reference to what I consider one of the most important considerations involved in any solution of the railway problem of Canada, what may be termed the "public interest". Senator Graham laid emphasis on this during the Senate inquiry. He said, in part (page 94 of the report): "When an application comes before the Board of Railway Commissioners, the fact that a saving may be made may not be conclusive evidence that the line ought to be closed. There is another element that is probably of greater importance than that. Will the saving adequately provide for what the public loses by the abandonment of that line? It might be that a good case could be made out by the railways for economy, but that it would not be a good case for the public".

The "public interest", I would like to urge, enters into the solution from many angles. We should consider the two railways as primarily not two private operating corporations but as performers of a public function; as public utilities doing a public service, not only by far the largest but by far the most important public utilities in Canada.

Nor should their importance be judged by present necessities but much more in the light of future requirements. When we consider, as we have been doing, the problem of the railways in Great Britain and the United States, stress rightly is laid on the need to maintain railway services for the needs of industry, agriculture, etc., of today or for the expanded needs of the future. But, for Canada the future holds in store, not only a busier area of today, but a new area of the future when the map of today is rolled back upon our undeveloped north.

It is fairly simple to visualize the physical map of England or the United States in the future - where both countries are fully developed today - in the main. Canada's greatest development lies before her - in multiplying many times the remarkable growth of our mineral resources; in the building up of great newsprint mills among our forest resources of the farther north; of new water powers; of much else. And, more than ever before, railway transportation is absolutely essential as these developments move back from the front of population, industry and tidewater facilities.

Let us not, just because abandonment of lines will show a saving today, strip the future of lines needed for developing our natural resources. Let us not, simply because the public railway system stands as a heavy strain today on our finances, become panic-striken and conclude that the drain is too heavy to be borne - and do today what we will repent tomorrow. A substantial cash deficit on the C.N.R. may not be too heavy a price to pay for the guarantee of facilities that the future will lean heavily upon.

### NORANDA MINES: $3,250,000 VERSUS $150,000,000:

Take the railways in relation to the development of our mineral resources alone - the wealth from which was the most powerful factor in shielding Canada from descending to the worst depths of the recent business depression. It is fair to say that a large proportion of the huge total of billions of dollars of mineral production in the past 25 years would never have been brought up out of the earth had it not been for the railway facilities provided by the two systems.

And the actual cost - in railway expenditure - is a very small item against the results. The profit seldom passes directly to the railway; frequently a small deficit is charged to it, and we say it does not pay. But millions are added to the wealth of Canada - and the railway cost is a small (and richly profitable) commission to pay.

Let me illustrate. Some 12 years ago the Canadian National agreed to build a branch line from the National Transcontinental to Rouyn - a distance of 44 miles - on the prospects of the establishment of the first copper-gold operation in the Northern area of Quebec Province.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119543



The line was built, and one of the best known mines in the world was born. In the 11 years since then (1928 to 1938) that mine produced gold and copper to a value of over $150,000,000, and the cost to the C.N.R of that branch line was $3,250,000 - a mere 2% or one-fiftieth of the wealth that this expenditure made possible. That mine was "Noranda". And to its shareholders it has paid out in dividends $48,000,000 - or nearly 15 times the cost of the railway line.

That railway line served the "public interest", as well as the private. For some time past, I believe that 44 miles of road has paid a fair return on its cost: were it showing a deficit, could we fairly brand that mileage as a net loss to Canada (and the taxpayer) or a very profitable item of "overhead cost"?

HUDSON BAY MINING - CONSOLIDATED SMELTERS:

Let us move west to Manitoba. There is a mine there, destined, it seems, to be one of the greatest in Canada as a copper and zinc producer and a contributor to Canada's wealth. Into that mine was cast, for years, in the development stage, more millions of dollars, we are told, than ever went into any other mine ever developed in the history of the world before it had started to produce. Some $60,000,000 has been invested in it, most of it coming from outside Canada, and nearly $25,000,000 of new wealth comes forth each year. That mine is known, in every mining circle in the world, as "Hudson Bay Mining & Smelting", and the absolute condition of its birth and growth was a branch line of the Canadian National Railways, that cost $9,000,000 to construct, and does not yet pay. Would you call that deficit in operating cost a debit or a credit item for Canada?

Let us go westward to British Columbia, where a Canadian Pacific line made possible the honour - and the profit for Canada - of owning the greatest lead mine in the world. A mine that between the years 1920-37 has brought out of the earth national wealth of $386,000,000; paid to its shareholders large sums, and contributes to the C.P.R. as holder of a controlling interest in its shares rich dividends now, exceeding $5,000,000 in 1937, and annually provides for it $3,000,000 to $4,000,000 of freight revenue.

It has been estimated that each dollar that has been spent on railway construction in Canada is represented by 1000 per cent in the national wealth resulting directly therefrom. And future dividends should continue on the same impressive and profitable scale.

$20,000,000 TO $30,000,000 A YEAR: RAILWAYS' SUBSIDY TO WHEAT GROWERS:

Just one more reminder of our debt to the C.P.R. and the C.N.R. It is well known that in Canada existing grain rates are the lowest relatively of any country in the world. For an area that extends from the far west to the eastern terminal of the Hudson Bay Railway, grain rates are today in force that date back to the original Crow's Nest agreement of 1897 - 42 years ago. I have asked railway men for estimates as to what subsidy the railways are paying to our wheat industry in providing transportation at excessively low rates. The answers have run - for an average wheat crop - from $20,000,000 to $30,000,000 a year.

From first to last, we spend large sums in subsidies to stimulate natural production. If even a portion of this twenty to thirty million dollars was returned to the railways, the C.N.R. deficit would be largely reduced, and the C.P.R. would be enabled to restore the old-time dividend on its preference stock, and to pay a substantial return on its ordinary shares.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119544



## SOME MISCONCEPTIONS

I would like now to comment on a few of what appear to me to be "misconceptions" as to what the railway problem really is and what it is not. I offer this as a necessary corollary to the consideration of any definite plan.

"BANKRUPTCY" AND "REPUDIATION" AS THREAT:

In public discussions, in some speeches and newspaper editorials, the argument is advanced that the burden to the country at large arising out of the Canadian National Railways must be removed; otherwise, "disaster" will follow. One particularly zealous newspaper recently declared that if one particular plan of solving the railway problem were not adopted, Canada would be brought to "bankruptcy" and "repudiation". Such comment, to my mind, was quite unpardonable. It gave the impression of seeking to force acceptance of this one plan by arousing a feeling of panic in the public mind.

This editorial I cite as an instance of "gross exaggeration". In reply, I suggest that any country that could (with practically no change in the rate of taxation) show the remarkable recovery that Canada had in its national finances between the fiscal years of 1935-36 and 1937-38, need have no fear of bankruptcy, under any efficient operation of the government railway system. For through recovery in business, in imports and general buying, and in the earning power of its people, the Minister of Finance had been able to report to Parliament a reduction in the national deficit from $160,000,000 for the year ended March 31, 1936, to $77,000,000 the following year, and to $13,775,000 for the year ended March 31, 1938 - an improvement of $146,000,000 in two years. This over-all deficit was not incurred as a result of what was known as "ordinary" expenditures, but after making provision for special charges on revenue such as capital expenditures, C.N.R. deficits, relief and special drought expenditures. The last-mentioned item, in the fiscal year ended March 31, 1938, included over $24,000,000 spent on "drought area relief", chiefly in Saskatchewan. Without this "extraordinary" expenditure, the national finances would have shown a surplus of some $11,000,000, even after meeting C.N.R. requirements of $42,000,000 for interest on its funded debt in the hands of the public.

SHARP DROP IN CAPITAL EXPENDITURES:

Another misconception that has been allowed largely to continue without much if any effort to correct it has been the idea that the huge figures that are quoted - running into hundreds of millions of dollars over a few years - as expenditures on capital account for the Canadian National Railways, and additions to the funded debt of the C.N.R. have been continuing right through the past few years with unabated speed. I shall not attempt to appraise the merits of the heavy expenditures in the earlier years when the five separate systems were being co-ordinated into a single C.N.R. unit. It is noteworthy, however, and one of the most significant phases of the railway situation in Canada from the standpoint of the public, that the volume of capital expenditures on the Government systems - resulting in earlier huge increases in the funded debt - have been cut down sharply in the past few years. Probably the extent will surprise most Canadians. The Duff Commission Report showed expenditures (mainly on capital account) from 1917, when the Canadian Northern Railway was taken over, to the end of 1931, of $677,000,000. This total included $48,000,000 for the Hudson Bay Railway; $169,000,000 on the Intercolonial Railway; $107,000,000 on the Grand Trunk, $42,000,000 on the Grand Trunk Pacific, and so forth; or an average of $45,000,000 in each of the 15 years. Between 1932 and 1937 inclusive, capital expenditures had dwindled to barely $10,000,000, or an average of around $1,500,000 a year, against an average of $45,000,000 in the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119545



earlier years. In this estimate I am omitting the cost of purchases of rolling stock. While in the earlier phase of paying off the equipment trust certificates, that usually are issued by both roads to provide funds for about 75% of the cost, C.N.R. purchases would require capital advances, eventually they are amortized as an operating charge.

Here, then, is almost remarkable evidence of the stemming of the spending pace, and of capital demands upon the public treasury. I feel sure this will be largely continued, at least until such time as both railways are compelled to enter into large capital expenditures to meet new demands made on them in connection with the growth of Canada. In such an event, expenditures might be looked on as "carrying" themselves in the added income they produced.

NET PROFIT UP $16,000,000 ON SAME GROSS:

One other improvement in connection with the public obligation on C.N.R. account is worth noting - a substantial reduction in cost of operations in the past few years, that is, in what is called the "operating ratio". Two years that are readily comparable and are almost identical in volume of gross earnings are 1931 and 1937. In the earlier year, revenue was over $200,000,000 (I am using even figures to simplify the comparison). Out of this total, only $1,192,000 remained as net revenue, after absorbing operating costs. In 1937, gross revenue was just under $198,000,000, but net profit rose to $17,110,000 - a gain of $16,000,000. That is, due largely to greater efficiency and to a more co-ordinated National system, the operating ratio fell from 99.41% to 91.36%, and the net profit on each $100 of gross revenue rose from 59 cents in 1931 to $8.64 in 1937.

EVEN WITH DEFICITS, CANADA NOT THE LOSER:

Another misconception appears to have been that various plans submitted would have wiped out entirely the deficiency between net operating revenues of the C.N.R. and bond interest charges ($42,000,000 in 1937 and $54,000,000 in 1938). This, of course, was impossible, as a substantial portion of the savings must fairly go to the private company. It may seem a little unorthodox, but I am compelled to express the opinion here that no matter what method of solving the railway problem is put into effect, it will be many, many years before the deficit can be eliminated; quite possibly it will always exist. And I make bold also to submit, that in view of the value of the services of the C.N.R. to Canada, as an essential unit in our transportation system, any such deficit (after all reasonable efforts to co-ordinate the two systems) would not leave Canada the loser from the C.N.R., but very heavily in its debt. And I would say the same with equal emphasis, in regard to the debt of Canada to the Canadian Pacific as our other great transportation public utility. Let us, then, not be disappointed through too great expectations.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119546



## RAILWAY PUBLICITY AND PROPAGANDA.

Before closing this comment on certain phases of Canada's Railway Problem, I would like to urge the discontinuance - in public discussion of the railways - of discrimination and recrimination against either the C.N.R. or the C.P.R. We have with us, willingly or unwillingly, the two systems, embodying public ownership and private ownership, and I am convinced that the Two-fold Solution I have suggested has an identical application to the one as to the other. Proponents of Unification have no excuse for "knocking" the C.N.R., nor have opponents of Unification any justification for condemning the C.P.R. and seeking to penalize it just because sponsorship of Unification is fairly closely bound up with the private company. Either course only serves to becloud the issue and to make its solution more complex.

Once again, I would urge that our railways should be looked upon objectively, impersonally, as our most essential public utilities insofar as service is concerned - and with a past record of usefulness of a high order. One of the most valuable of these is in the "pioneering" past. The C.N.R. inherits the mantle of the old Grand Trunk of more than eighty years ago - in Eastern Canada. The Canadian Pacific, from the early eighties - the outcome of a ten-year programme of massive proportions fully completed in one-half that time. It was well that the Duff Commission laid stress on this, when it spoke of the "faith, courage and invincible energy" that the Company's administrators had brought to the task of building its lines through the undeveloped West; an enterprise that it declares "became a national asset of acknowledged value and importance to the Dominion".

And here might also be included an answer from the same Report that is applicable to so much of the ill-considered criticism of C.N.R. management as responsible for the creation of a heavy charge upon the public treasury: "Following upon the consolidation of many lines into the Canadian National system, in 1923, the railway has been energetically administered, and has deservedly won approval by its success in welding together the various working forces of the separate companies in the consolidated system".

### NEED OF KEEPING THE PUBLIC ADEQUATELY INFORMED:

I have referred to some phases of the "public interest" as a vital factor to be considered in working out a railway solution. These include the present or probable needs for retaining or providing for transportation facilities required for the development of our natural resources. In another direction, it is important that the "public interest" be served, namely, in keeping the public well informed on progress being made towards solving the railway problem, and on various plans that may be suggested and perhaps adopted. "Unification" has not lacked for sponsorship; "Co-operation" and its progress (such as it was) had little sponsorship. Moreover, defence of the Canadian National is rendered the more difficult just because it is a public railway. Obvious obstacles face defence by the officials of the C.N.R., while a championship by a government as a trustee for the public runs the risk of being discounted as "political". Some suitable settlement must be worked out, however, else the "railway issue" will become one-sided and the general public be deprived of sufficient information to enable it to view the case in proper perspective.

One instances will suffice to make clear the logic of raising this point. Propaganda was directed against recent decision to build a terminal for the Canadian National Railways at Montreal. There were obviously two sides to this proposal; only one was presented publicly.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 19547



WHOLE-HEARTED CO-OPERATION (MINUS A "CAMPAIGN"):

I would like to carry the subject of publicity campaigns in favour of one plan or another one step further. In the event that the Senate Committee adopts any plan (for solving the Railway Problem) and Parliament passes legislation - new or amending - is it too much to assume that, in the interests of the success of such a plan, neither party to it should consider themselves free to carry on a campaign of publicity in opposition to it and in support of some other plan during the period of the experiment?

Would whole-hearted zeal towards any railway experiment - any partnership between the C.N.R. and the C.P.R. - be possible under these conditions? Would it be consistent to carry on - simultaneously - a campaign to destroy public confidence in a plan that Parliament had enjoined upon the two railway systems, by proclaiming its failure from the start, and by advocating the adoption of some other plan? One is tempted to quote, "Ye cannot serve God and Mammon".

CO-OPERATION GAVE C.P.R. RECORD EARNINGS ON ITS SHARES:

As a final argument for Co-operation (under the superior conditions which I have outlined), I wish to draw attention to an actual experiment in Co-operation that produced unique results in savings of overhead costs and in net profits. I have already made an indirect reference to it as conducted under the Canadian Railway War Board. On that occasion, the dominating factor was the emergency that demanded the maximum of efficiency in the transportation of men, foodstuffs, munitions and all the other accessories of War. The railway men of Canada, those of the Canadian Pacific, the Grand Trunk (as it was then), the Canadian Northern, and the rest, gave of their best in the national and Empire crisis. While there was no abandonment of lines, there was consolidation of effort, and there were outstanding examples of co-operation. There was a remarkable result also in railway profits. In fact, in the year 1916, for example, the net revenues of the Canadian Pacific, that is the balance left - after fixed charges and for the capital stock of the Company, was the largest in its history insofar as I have been able to trace back the results. There was earned on the common stock, for instance, $16.76 a share, where in 1928, when the traffic receipts were the largest in the history of the Company, net on the common was $14.98 a share. That is, with gross revenue of only $139,000,000 in 1916, the C.P.R. had net operating revenue of over $50,400,000, where in 1928 it required $90,000,000 more of gross to earn $51,694,000. That was an outstanding achievement for one hundred per cent Co-operation.

What was accomplished in the War years under Co-operation can be accomplished largely today.

THE PUBLIC AND THE THOUGHT OF "MONOPOLY":

I would like, before closing, to say a word directly as to "Unification", for this proposal, owing to the ability and persistency of its advocacy, has become the spear-head of the railway discussion for several years past. During these years, I have watched with the deepest interest the intense struggle that was being waged before the public. In the main, the larger campaign has been limited to Unification. Despite that advantage, it has impressed me as failing to make the necessary headway against a strong under-current of opposition throughout the country towards the phase of "monopoly" that was thought to be involved. This result, at least as it appeared to me, served to strengthen my early conviction that an almost insurmountable barrier lay in the way of its acceptance by the public at large and by Parliament. Nor was this conclusion weakened by the recent admission of some leading advocates that only through the extreme or emergency step of the formation of a "National Government" could the necessary legislation be pressed through at Ottawa.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119548 119550



As for myself, feeling that any railway plan that embodied some form of monopoly would have no chance of being placed on the statute books, I have sought for something that would not be too radical a departure from the present experiment, but would provide a competent outside body on whose fairness both railways could rely, while the automatic element of reference to a tribunal would remove that "contentious" element that has been objected to in the present "Canadian National and Canadian Pacific Act".

Hence, I would urge that some measure like "Supervised Co-operation" be adopted as the most effective plan for immediate results in lessening duplication and creating savings, with a fair form of regulation of highway competition as a means for the recovery of much of the traffic that has been lost in recent years.

- - - - - - - - - - - - - - - - - - - - - - - - -

"PERSONAL" OPINION ONLY:

In fairness to my associates in the organization with which I am connected, I desire to make it clear that the opinions expressed in this Memorandum are solely my personal views.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 119549

## RECOMMENDATIONS

1. SUPERVISED CO-OPERATION:

Revision of present system of Co-operation so as to make it more workable, and much more effective in regard to savings. Present basis of "arbitral tribunal" (not once invoked by the railways) should be extended to establishment of permanent and larger body known as "Railway Co-ordinating Tribunal", membership of which would include railway experts, and whose duty, all the year round, would be to supervise Co-operation and to see that it was made effective.

It would have two functions: (1) as a referee to decide as between the two railways where disputes occurred over plans that promised savings (all failures to agree being reported to it automatically); (2) in an advisory capacity, to study the entire field of operations and to suggest methods of savings.

A Co-operating Committee of the railways would have a neutral Chairman, the Vice-Chairman (or even Chairman) of the Railway Co-ordinating Tribunal, to strengthen the spirit of co-operation and to stimulate action.

These recommendations arise out of weaknesses in the present Act governing Co-operation and the disappointing results of railway action during the past four or five years - due to the lack of close and permanent contact with the Tribunal.

As a background and a precedent for abundant success for Co-operation there is the experience of the Canadian Pacific Railway during the War years. Under the jurisdiction of whole-hearted co-operation through the Railway War Board, with Mr. W. M. Neal as Secretary and virtually manager, the C. P. R. (in 1916) showed the lowest operating ratio in its history, and the largest per share earnings on its preference and ordinary shares, and with gross revenue of only $139,000,000 came within $1,200,000 of equalling the record for all time of net profits, that of $51,694,000 established in the year 1928, when the company had the benefit of $90,000,000 more revenue.

In case it should be thought that without compulsion we were merely continuing the present unsatisfactory results of "voluntary" Co-operation - in spite of the large extension in the efficiency and scope of the Tribunal I have proposed - I would add the element of "Publicity", largely absent so far in co-operative effort. Periodically, there should be made public to the people of Canada a list of all the proposals for Co-operation and savings that were considered, with the verdict reached by the Tribunal, the attitude of each of the railways, and the final step taken, positive or negative. Widespread Publicity, I am convinced, would soon become one of the strongest influences - as powerful possibly as compulsion - toward securing comprehensive Co-operation. This would leave full responsibility with the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119550

railways, and remove it from the shoulders of the Government.

2. REGULATION OF HIGHWAY COMPETITION:

But there is another field with even greater promise of results. From an analysis of the destructive effect of highway competition on the gross and net revenues of the railways during the past ten or fifteen years, I am convinced that the regulation of highway traffic to compel fair competition with the railways will be the most fruitful of all methods for solving the railway problem of Canada - through increasing gross and net revenues. Conversely, that unless the Federal and Provincial authorities work together to this end, only disappointing results can ensue in savings to the railways from any plan that may be devised for lessening duplication through railway action alone.

For such plans, in the main, are designed to cut down overhead costs: they would not solve, except slightly and indirectly, the major problem of restoring to the railways the huge losses in gross and net revenues they have suffered in the past few years from the inroads of highway competition.

One example should make this clear. In 1938, gross revenues of the C. P. R. and C. N. R. amounted to $324,000,000. Had revenues kept pace since 1926 with the Index of Physical Volume of Business in Canada (compiled by the Dominion Bureau of Statistics), the gross revenue would have been $528,000,000 or $204,000,000 more.

And as for net profits: Actual net in 1938 was barely $27,000,000, while on the almost identical parallels of the heavier volume in 1928 and 1929 the net for 1938 would have been close to $100,000,000 - or $70,000,000 more than it was, the drop being largely the result of "cut-throat" highway competition. This is the field that needs most solving; the field that promises the greatest source of increased gross and net railway revenues; the field that is being most zealously explored for the relief of the British and the American railways; the field that the Senate, and the Dominion and Provincial Governments should take in hand at once - this field is the Second and most vital phase of Canada's Railway Problem.

This field, too, has the overwhelming advantage in another direction: Co-operation, Unification and other similar railway plans alike count on a very high percentage of savings as coming from a reduction of employment by the railways: fair regulation of highway traffic is a positive plan; it proposes, not a reduction of employees, and an increase in unemployment in Canada, but an increase of employees, through a recovery in volume of traffic. Altogether something that is infinitely more consistent with constructive statesmanship.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.1955

In Great Britain, a movement for co-operation between the railways and the truckers already, during 1939, has made marked progress. In the United States, little emphasis is being laid on consolidation of the railways, although there are several hundred of these: in a report just issued by the Institute of International Finance of New York University, the following statement is made: "The long-term outlook for railroad traffic thus depends primarily upon the ability of the railway lines to check the diversion of freight and passengers to other transport agencies".

I submit then, the Two-fold Solution of the Railway Problems:

(1) - SUPERVISED CO-OPERATION, to cut down overhead and effect savings;

(2) - REGULATED HIGHWAY COMPETITION, to restore large gross earnings to the railways, to increase net profits, and to increase, not cut down, railway employment.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119552

MONTREAL, April, 1939.

To the Special Committee of the Senate
Appointed to enquire into and report upon the best means of relieving the country from its extremely serious railway condition and financial burden consequent thereto.

Honourable Sirs:-

Our request to appear before your Honourable Committee was actuated by a news item appearing in the Montreal Star of March 21st, in which was embodied statements purported to have been made to your Committee on that date by Professor J.L. MacDougall of Queen's University. The item in the Montreal Star reading, in part as follows:

"LABOR AGREEMENTS CALLED OBSOLETE-

Obsolete wage agreements arrived at years ago when railway conditions were prosperous coupled with complicated rules governing working agreements prevented Canadian railways from making large economies, Prof. MacDougall, told the committee.

The regulations agreed on between the railway managements and the employees produced anomalous conditions. they worked to the advantage of those in the higher-age class on the seniority lists and to the disadvantage of the general body of junior employees.

Under them passenger engineers were able to receive wages amounting to slightly more than $4,000 a year, for a 15-day month. Railway wage-rates were today on the 1929 basis, the highest ever reached, Prof. MacDougall said. They continued on that scale in spite of the fact that all returns disclosed railroading to be a declining industry.

It is anomalous that this country should guarantee the highest 1929 wage rates to sheltered workers and continue to pay them to a gradually decreasing number having regard to the pressure on the labor market", said Mr. MacDougall

HIGH WAGES CAUSE UNEMPLOYMENT.

To Senator C.W. Robinson (Lib., New Brunswick), Mr. MacDougall declared that this illustrated how "high wages cause unemployment."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0 19553



"The men high up on the seniority lists were receiving top remuneration while in view of declining business, the junior men were squeezed out altogether.

"Your indictment is not so much against the state of wages as against the system, and the artificial rules with which that system is surrounded" suggested the Conservative leader, Senator Arthur Meighen.

"The whole structure is fundamentally unsound and obsolete," Professor MacDougall said, "You have wages here that have gone up to the 1929 level, in the face of a declining cost of living."

Mr. McDougall cited how passenger engineers continued to be paid at a rate that enabled them to earn better than $4,000 a year for a 15-day month, while operators of a passenger bus line, working 10 hours a day regularly, were paid $1,800 a year.

ROADS URGED TO TRY FOR LOWER WAGES

There was no reason why the railway managements should not get together and press for wage reductions if they had the courage and strength to do so, Mr. MacDougall said. A drawback was the international character of the employees' unions and the fact that they wielded a great financial power in that they could pay strike wages over a long period.

The railway managements had done much to engender goodwill among their employees, but Professor MacDougall "wondered" if the price of that goodwill had not come too high.

Senator J.J. Donnelly (Con., Ontario) declared that if those reductions were pressed by the railways, there would be a strike. If the Government insisted on it, the consequence of that insistence would be felt at the next election.

ACTION HINDERED BY FEAR

"We see a field of economy that could be effected", Senator F.B. Black (Con., New Brunswick) said, but we seem to be afraid to do it."

He asked if it would not be better to have a strike, even if it lasted for six months, so that the whole structure could be overhauled. Prof. MacDougall did not think a strike would last six months. The transportation methods of today were vastly different from those in the years when the agreements were made with the railwaymen and when railway transportation was more vital than now.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119554



He believed, however, that the situation could be composed by a process of attrition. The big-wage earners, he repeated, were in the high-age classes. These could be left alone and no accession to their ranks be made. Agreements could be worked out with the junior classes, who were largely unemployed, and thus in time matters would be adjusted.

Prof. MacDougall agreed with Senator James Murdock (Lib. Ontario), that wages on Canadian railways were from 10 to 13 per cent lower than in the United States. However, having regard to the other factors which lowered the cost of living, the margin was not as wide as the figures indicated."

As result of which the following wire was sent to the Chairman of your Committee, Honourable C.P. Beaubien:-

"Montreal Star March twenty one contains item covering statements made to your Committee by Professor J.L. MacDougall STOP If correctly reported references made to passenger locomotive engineers by Professor MacDougall are grossly untrue and incorrect STOP In the interests of the men we represent I most earnestly desire an opportunity of appearing before your Committee in order to refute statements made and to present the true facts STOP Would you please arrange accordingly and provide for two days notice as to date when we can be heard.

(Sgd) H.B. CHASE,
Assistant Grand Chief Engineer,
Brotherhood of Locomotive Engineers,
Room 504, 1411 Crescent Street,
Montreal, P.Q."

At the outset, we wish to make it clear that in refuting the statements made by Professor MacDougall we are assuming that the item in the Montreal Star was a correct report.

Dealing with statement reading as follows:

"The regulations agreed on between the railway managements and the employees, produced anomalous conditions. They worked to the advantage of those in higher-age class on the seniority lists and to the disadvantage of the general body of junior employees."

Under them passenger engineers were able to receive wages amounting to slightly more than $4,000 a year, for a 15-day month....."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119555



The true facts of the situation do not substantiate the state - ments made by Professor MacDougall, for the reason that passenger and other locomotive engineers are, by the agreements with the railways, restricted with regard to the amount of mileage which they are permitted to run or earn during a 30-day working period, and further, commencing in 1931, and up to the present time, other regulations have been placed in effect res - tricting locomotive engineers from making the maximum mileage provided for by the general agreements. These restrictions have had the effect of compelling locomotive passenger engineers to, so-to-speak, take a vacation after their mileage for a 30-day working period has reached the limit of forty-five to forty-six hundred miles in passenger service, and thirty-five to thirty-six hundred miles in freight service.

By the application of these additional regulations, the senior men are, to a reasonable extent, required to share the work with the junior men; therefore, the regulations do not operate to the disadvantage of the general body of junior employees.

The lowest rate paid to passenger locomotive engineers on the smaller classes of power is $6.16 per 100 miles; while the highest average rate in the Dominion of Canada is approximately $6.48 per 100 miles.

Assuming that each passenger locomotive engineer was able to work to the extent of 4,600 miles per month (which is not generally the case) for the entire year, the engineer operating the smallest class of power could make $3,400.32 per annum, while a man working on a locomotive carry- ing the highest rate could earn $3,486.96 per annum.

Thus far we have given the maximums which can be earned, but on the other hand there are minimums, as the regulations provide that no reduc- tion will be made in the number of passenger engineers employed as long as they can earn a minimum of 4,000 miles per month. Under the minimum regu- lations, with a locomotive carrying the lowest rate, a passenger engineer could earn $2,956.80 per annum, and with an engine paying the highest rate, the minimum earnings could be $3,100.40 per annum. It is also safe to say that some passenger engineers are at the maximum, while many are at the minimum, and a further large number are in between the maximum and the minimum; thus it will be noted that Professor MacDougall's statement to the effect that passenger locomotive engineers are able to receive wages amounting to slightly more than $4,000 a year, is incorrect.

We might further add that the above figures are based on the assumption that the passenger engineers work steadily throughout the year, and it is equally true to say that many of them do not work steadily throughout the year.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.19556



As to how Professor MacDougall arrives at his 15-day month, is perhaps best known to himself. Passenger locomotive engineers, in common with freight locomotive engineers, work, and are paid on a mileage basis, and not on a daily basis; therefore, no true comparison can be made as between men who work and are paid on a mileage basis, with those who work strictly on a daily basis. Some passenger runs operate on fast schedules, while others operate on slow schedules, and the length of time consumed in running 100 miles or more varies in accordance with the schedule speed of the train. Many of the locomotive engineers are required to be on their runs practically every day in the month, while in other instances they may double the road one day, and have the next day off. The manner in which these men operate is figured out to the best advantage of both the railways and the employees.

As further proof, may we direct your attention to the Statistics of Steam Railways of Canada for the year ending December 31st, 1937, pages 34 and 35, where you will find the following:

| | Average Number Employed | Total hours on duty | Total Salaries and wages | Average hours worked | Salaries and wages per hour | Salaries and wages per year |
|---|---|---|---|---|---|---|
| Road passenger Engineers and Motormen | 866 | 1,774,774 | $2,775,746 | 2,049 | $1,564. | $3,205.25 |

By taking the average hours worked, i.e.: 2,049, and dividing it by twelve, it will be found that these passenger engineers work on an average of 170 2/3 hours per month, and when reduced to days worked per month, it works out at an average of approximately 21 days of eight hours. The average salary being $3,205.25, taking into account what has been set forth above, again bears out our statement that Professor MacDougall's contentions are incorrect when he states - "passenger engineers were able to receive wages amounting to slightly more than $4,000 a year, for a 15-day month."

Professor MacDougall also states - "The railway wage rates were today on the 1929 basis, the highest ever reached". This statement is also incorrect, as the highest rates of pay were reached under the McAdoo Award in the year 1920, and at this juncture may we state that the application of the so-called McAdoo Award was put into effect on the Canadian Railways as a result of Privy Council Order No. 1768, dated July 16th, 1918, reading, in part, as follows:

> 1- "That the scales of wages of railway employees as fixed by the McAdoo Award in the United States territory, including any amendments or extensions thereof be applied in Canadian territory, insofar as all lines of railways owned, operated or controlled by the Government are concerned.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119557



2 - "That the wage scales of privately owned railway companies in Canada should be similarly advanced."

The scale of wages provided for by the McAdoo Award and the Order of the Privy Council only remained in effect until July, 1921; whereupon a 12½% reduction in pay was made effective on Canadian Railways.

In the year 1927, the locomotive engineers in Canada secured an increase in pay amounting to approximately 5%, and the rates established at that time are still in effect; therefore, even though wages rates are on the 1929 basis, they are not the highest ever reached.

Professor MacDougall also states -

> "It is anomalous that this country should guarantee the highest 1929 wage rates to sheltered workers and continue to pay them to a gradual decreasing number, having regard to the pressure on the labor market."

Evidently Professor MacDougall has not taken into account the reasons for the gradual decreasing number of railway employees. The true facts can be readily ascertained if a study is made of the changes which have taken place, say since the year 1920.

In 1920 there were 6,030 locomotives in service on the Canadian Railways with an average tractive power per locomotive of 31,112 lbs.

In 1937 the number of locomotives had declined to 4,667, a decrease of approximately 22.6% as compared with 1920; the average tractive power per locomotive in 1937 had, however, reached a new high peak of 38,871 lbs, an increase in average tractive power of approximately 25% over 1920.

The introduction of larger locomotives and steel cars has undoubtedly reduced the amount of employment, not only for locomotive engineers, but for other classes of railway employees; but, on the other hand, it must be admitted that when operating a larger locomotive and handling larger trains, there has been a considerable increase in the productivity of each individual locomotive engineer; in fact, in many sections of the country, two locomotive engineers are now producing as much as three men formerly produced, and this without any great increase in the cost to the railways. The lowest rate per 100 miles for engineers in passenger service being $6.16, while the highest average, excluding Mountain territory, is $6.48 per 100 miles. In other words, the locomotive engineers are in no way responsible for the gradually decreasing number of employees, neither are they receiving any higher wages than they formerly received, irrespective of the fact that their productivity per man has greatly increased. The decrease in the number of

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119558



employees is also affected by the decrease in the amount of traffic handled by the railways, and again let us point out that the senior men have endea - voured to assist somewhat in spreading the work, and taking care of some of the junior men.

The item in the Montreal Star, above referred to, also contains the following -

> "To Senator C.W. Robinson (Lib. to New Brunswick) Mr. MacDougall declared that this illustrated how "high wages cause unemployment."

To this we would say that it is generally recognized that there are two schools of thought with regard to the causes of unemployment, but our view is that low wages cause unemployment, while high wages create employ - ment, as an illustration we might state, that during recent years, while wage deductions were in operation on the Canadian Railways, the employees of those railways contributed from their pay cheques approximately $100,000,000.

The deduction of that money from the pay cheques of the employees reduced the purchasing power of railway employees alone to the extent of $100,000,000, and with wage cuts and deductions being the order of the day in various industries in Canada, the shrinkage of purchasing power undoubtedly had its effect upon employment, and assisted to create unemployment. If the working people have good wages, they are able to buy many things which they need, which in turn must of necessity stimulate industry, but when unable to purchase the goods and materials produced in the country, all forms of industrial life are affected, and more of our people find themselves in the ranks of the unemployed.

To continue -

> "Mr. MacDougall cited how passenger engineers continued to be paid at a rate that enabled them to earn better than $4,000 for a 15-day month, while operators of a bus line, working 10 hours a day regularly, were paid $1,800 a year."

With the greatest of deference to the operators of the passenger bus lines, we feel it desirable to say that no fair comparison can be made between a locomotive engineer and an operator of a passenger bus.

On the average, less than one locomotive engineer in ten ever gets to where he is regularly assigned to a passenger train, and in order that your Honourable Committee may have a slight idea of, what might be termed, the training period which a man must go through in order to reach the stage where he can be regularly placed in charge of a passenger locomotive, the following explanation may be of value.

Generally speaking, a man commences at about the age of maturity by

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119559



cleaning engines in the shop, and eventually emerges as a locomotive fireman, provided he is in good physical condition, and can pass the necessary examinations. For several years thereafter he is able to work only when some other man lays off, or due to an increase in traffic. After about 10 years of these ups and downs, he may secure regular employment as a fireman, where he will in all probability remain for a further period of approximately 15 years, but before being qualified to work as a locomotive engineer, he is required to pass a thorough examination, written and oral, on the locomotive itself, on the air brake and electrical equipment, and in addition thereto pass a very rigid examination with respect to visual acuity, colour sense and hearing. He must also pass a written and oral examination on the book of operating rules, and here it might be noted that the Canadian National book of rules contains 637 rules, while the Canadian Pacific contains 673.

If he passes these examinations successfully, he commences his life as a locomotive engineer, and again takes the ups and downs, being used when other men lay off, or when increased traffic conditions arrive, and for approximately another 10 or 15 year period he finds himself alternating between running and firing a locomotive.

His next move will be to regular freight work, and when he reaches the age of approximately 60 years, if he has survived for that length of time, he becomes a passenger engineer, with about 5 years in which to remain in service.

Every two years he is required to pass a further examination on visual acuity, colour sense and hearing, and if any of these senses fail, he is, so-to-speak, relegated to the yard service, or to the scrap heap, as the case may be.

A demerit mark system also prevails, and if he be unfortunate enough to acquire 60 demerit marks against his record, he is subject to dis - missal, and here let it be said that once a locomotive engineer loses his employment as such, his entire career as locomotive engineer is ended, as there is no place in Canada where he can again secure such employment.

When in charge of a first class passenger train he not only has under his care a power plant on wheels, of an approximate value of $100,000., carrying up to as high as 275 lbs. of steam, but has in addition thereto a train with a value of approximately $1,000,000.; in other words he is the General Manager of a $1,000,000. plant.

While on duty he must remember all of the rules, not only those in the rule book, but those which appear in the time-tables and bulletin books, and must execute all orders given to him by the train despatcher. In fact, from the time he steps on the locomotive until he steps off, he is nothing but a keyed up bundle of nerves, and may we add that it is beyond the limit

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119560



of physical endurance for a human being to stand up against this kind of work day in and day out, without sacrificing his health.

The passenger bus operator is not required to go through such an intensive period of training as that which applies to a locomotive engineer, and if he should be so unfortunate as to lose his employment with one Company his career as a bus operator is not necessarily ended, as is the case with a locomotive engineer.

Generally speaking, locomotive engineers are stable citizens, are home owners and taxpayers, and take an active interest in municipal and other affairs, and with the wages which they are at present able to earn, it can be safely said that no members of their families are on relief; on the contrary, many of them are taking care of their sons and daughters, and their grandchildren, and in many instances are giving their sons and daughters higher education so that they may enter professions, and become useful and worthwhile citizens of Canada.

A contributory pension system is in effect on both of the major railways of Canada. Under the Canadian Pacific Plan the earnings of the engineer during his last 120 months of service are used to determine the amount of his pension. The arrangement on the Canadian National is slightly different, but in both cases by contributing to these pension plans the men assure their future after reaching the age of 65, thereby avoiding the possibility of their becoming public charges.

In most lines of industry when an employee is sent away from home on business for his firm he is paid expenses, but this does not apply to locomotive engineers; consequently expenses away from home must be paid from the wages received, and as in most lines of industry the senior employees receive the highest wages, we submit that there is nothing extraordinary in the methods which now prevail governing wages and conditions for passenger locomotive engineers. May we again draw your attention to the fact that in the year 1937 there were only 866 passenger engineers working in the Dominion of Canada.

Professor MacDougall also stated -

> "We believe, however, that the situation could be composed by a process of attrition. The big wage earners, he repeated, were in the high-age classes. These could be left alone and no accession to their ranks be made. Agreement could be worked out with the junior classes, who were largely unemployed, and thus in time matters would be adjusted."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 119560



It is extremely hard to find language which would sufficiently express our views with regard to this statement. Can anyone imagine an employer entering into an agreement with unemployed men to govern wages and conditions of those who are employed ? In our opinion, this would be contrary to public policy, and would be a clear violation of the principle and spirit of the Industrial Disputes and Investigation Act.

Since writing the above I have received copy of the proceedings of your Special Committee for Tuesday, March 21st, and at page 22, Professor MacDougall is quoted as follows:

> "Secondly, even the engineer, who is the most skilled member of the train crew, need not be a person of unusual skill. A man of sound intelligence could be trained to operate a locomotive in a very short time. In the pre-war period when the labour force was being rapidly increased, men quite frequently ran as full-fledged engineers after only six months experience, etc."

We have no record of men with six months experience being promoted to the position of locomotive engineer, and it may interest your Committee to know that the rules in effect, as between the engineers' Organizations and the Railways, require that a man must have at least three years experience as fireman before being promoted to a locomotive engineer. We hold that the Railways and their employees, rather than Professor MacDougall, are in a better position to decide as to the training which a man should have before attempting to operate a locomotive, and we may add that the standard, as above set forth, was in effect long before the war period.

At the bottom of page 24, a note appears, reading as follows:

> "[4]CF. Case No. 469, Labour Gazette, XXXVIII (November, 1938), pp. 1215-16. In this case it was shown that in one case the mileage of engineers was increased from 4,160 to 5,200 miles per month; in another, from 4,200 to 5,397 miles in assigned service. On the facts cited above, $299 per month is the current earnings for approximately 4,680 equivalent miles, and only 3,276 actual road miles. If the present mileage be assumed to be 5,397 miles, then monthly earnings would rise to $345 per month for 15 calendar days of work."

Again in this instance, Professor MacDougall was evidently not in possession of the true facts, as the note would lead anyone to believe that in that particular case the locomotive engineers were making 5,200 and 5,397 miles respectively.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119562



The true facts, as developed when the case was heard by the Canadian Railway Board of Adjustment No.1, proved that in one instance the engineers were making 4,800 miles per month, and in the other instance 4,500 miles per month.

At page 33, the following appears:
"By Hon. Mr. Murdoch:
Q. Now, tell me what would happen if there was a breakdown or a snowbank at Prescott causing delay of four or five hours?- A. After you pass eight hours you go on time and a half.
Q. But what about this passenger car if they were held up?- A. The engineer's overtime would commence at five hours, and the conductor's and brakeman's at seven hours and forty minutes."

Again, Professor MacDougall gives the wrong information. There are absolutely no provisions in the agreements between the locomotive engineers and the railways in Canada to provide for payment of time and a half in passenger service, and further, as the preceding question indicates, if the discussion related to a train operating between Montreal and Brockville, a distance of 126 miles, the overtime for the engineer would not commence after five hours. The rule governing overtime for engineers in passenger service provides for straight time payment for overtime, and the crew goes on overtime if the train fails to average a speed of 20 miles per hour over the entire subdivision. In this particular case, the overtime for the engineer would commence six hours and eighteen minutes after the train had departed from the Station at Montreal.

Having regard to an article appearing in the Financial Post of March 18th, last, entitled - "High payrolls hobble Canadian Railroads", - together with the statements made by Professor MacDougall, coupled with an editorial appearing in the Montreal Gazette of March 23rd last, it would appear as if a move is on to try to educate the public into believing that the principal trouble with the railways is due to high wages, with the wages of the locomotive engineers being singled out for the attack.

Believing that your Committee is desirous of viewing all sides of the question, and with the hope that the Press will be equally as anxious to present the true facts to the public, as they have been in their endeavour to lead the public to believe that the wages of railway employees are too high, we submit herewith three tables; one showing Interest on Funded and Unfunded Debt of Canadian Railways in Canada for the years 1920 to 1937 inclusive; the second showing dividend payments made by Canadian Railways during the years 1920 to 1937 inclusive, and the third showing the total number of employees, total hours worked, and total compensation paid to employees of Canadian Railways, for the year 1920 to 1937 inclusive. (Note.- 1937 is the last year for which complete records are available.)

These tables are submitted merely for the purpose of showing what has taken place commencing with the year 1920 and running through to the end of the year 1937, as affecting bondholders, the shareholders, and the employees, and we submit that the employees have not, and are not, enjoying any unfair advantage.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119563

TABLE NO. 1.

INTEREST ON FUNDED and UNFUNDED DEBT ON STEAM RAILWAYS in CANADA for SPECIFIED YEARS.

| Year | Interest on funded and unfunded debt. Amount | Index No 1920=100 |
|---|---|---|
| 1920 | $ 59,270,289 | 100.0 |
| 1921 | 74,749,828 | 126.1 |
| 1922 | 78,378,361 | 132.2 |
| 1923 | 84,443,602 | 142.5 |
| 1924 | 89,760,514 | 151.4 |
| 1925 | 91,021,514 | 153.6 |
| 1926 | 90,415,279 | 152.5 |
| 1927 | 93,365,582 | 157.5 |
| 1928 | 96,332,027 | 162.5 |
| 1929 | 101,103,644 | 170.6 |
| 1930 | 108,936,797 | 183.8 |
| 1931 | 112,732,203 | 190.2 |
| 1932 | 117,718,043 | 198.6 |
| 1933 | 118,844,920 | 200.5 |
| 1934 | 118,913,986 | 200.6 |
| 1935 | 116,789,750 | 197.0 |
| 1936 | 112,204,370 | 189.5 |
| 1937 | 77,819,294 | 131.3 |
| TOTAL | 1,742,800,003 | |

SOURCE: Data for years 1920 - 1933 incl. from STATISTICS OF STEAM RAILWAYS OF CANADA.
For 1934 figure from Dominion Bureau of Statistics, Transportation and Public Utilities Branch.
For 1935, 1936, 1937 from STATISTICS OF STEAM RAILWAYS OF CANADA.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119564

TABLE No. 2

EARNINGS of RAILWAY STOCKHOLDERS ON CANADIAN RAILWAYS
for SPECIFIED YEARS.

| Year | DIVIDEND PAYMENTS | |
|---|---|---|
| | Amount | Index No. 1920-100 |
| 1920 | $ 29,942,557 | 100.0 |
| 1921 | 30,157,307 | 100.7 |
| 1922 | 30,155,207 | 100.7 |
| 1923 | 30,356,173 | 101.4 |
| 1924 | 30,512,155 | 101.9 |
| 1925 | 30,409,773 | 101.6 |
| 1926 | 30,552,425 | 102.0 |
| 1927 | 30,606,574 | 102.2 |
| 1928 | 33,729,273 | 112.6 |
| 1929 | 35,087,201 | 117.2 |
| 1930 | 38,890,927 | 129.9 |
| 1931 | 27,247,990 | 91.0 |
| 1932 | 2,766,198 | 9.2 |
| 1933 | 21,060 | 00.1 |
| 1934 | | |
| 1935 | 108,300 | 00.4 |
| 1936 | 199,624 | 00.7 |
| 1937 | 2,698,905 | 9.0 |
| TOTAL | $385,441,849 | |

Source: Data for years 1920-1934 STATISTICS OF STEAM RAILWAYS OF CANADA - 1935 figure from the office of the Dominion Bureau of Statistics - Transportation & Public Utilities Branch. Dividend Payments and Cash Dividend Rates from "Railway Capital" (p.16 in 1931 Report) 1936 and 1937 from STATISTICS OF STEAM RAILWAYS OF CANADA.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119565

TABLE No. 3

TOTAL NUMBER OF EMPLOYEES, TOTAL HOURS WORKED, TOTAL COMPENSATION RECEIVED ON CANADIAN RAILWAYS FOR SPECIFIED YEARS.

| Year | Employees Number | Employees Index No. 1920-100 | Total Hours Number | Total Hours Index No. 1920-100 | Total Compensation Amount | Total Compensation Index No. 1920-100 |
|---|---|---|---|---|---|---|
| 1920 | 185,177 | 100.0 | 465,466,482 | 100.0 | $ 290,510,518 | 100.0 |
| 1921 | 167,627 | 90.5 | 394,778,197 | 84.8 | 247,756,138 | 85.3 |
| 1922 | 165,635 | 89.4 | 401,995,411 | 86.4 | 233,294,040 | 80.3 |
| 1923 | 178,052 | 96.2 | 442,051,515 | 95.0 | 253,320,005 | 87.2 |
| 1924 | 169,970 | 91.8 | 415,773,205 | 89.3 | 239,864,265 | 82.6 |
| 1925 | 166,027 | 89.7 | 411,209,522 | 88.3 | 237,755,752 | 81.8 |
| 1926 | 174,266 | 94.1 | 437,927,249 | 94.1 | 253,412,424 | 87.2 |
| 1927 | 176,338 | 95.2 | 449,887,049 | 96.7 | 267,067,048 | 91.9 |
| 1928 | 187,710 | 101.4 | 482,685,474 | 103.7 | 287,775,316 | 99.1 |
| 1929 | 187,846 | 101.4 | 478,743,301 | 102.9 | 290,732,501 | 100.0 |
| 1930 | 174,485 | 94.2 | 431,629,401 | 92.7 | 268,347,374 | 92.6 |
| 1931 | 154,569 | 83.3 | 364,211,642 | 78.2 | 229,499,505 | 79.0 |
| 1932 | 132,678 | 71.6 | 303,443,246 | 65.2 | 181,113,588 | 62.3 |
| 1933 | 121,923 | 65.8 | 276,312,787 | 59.4 | 158,326,445 | 54.5 |
| 1934 | 127,326 | 68.8 | 293,563,103 | 63.1 | 163,336,635 | 56.2 |
| 1935 | 127,526 | 68.9 | 296,744,680 | 63.8 | 172,956,218 | 59.5 |
| 1936 | 132,781 | 71.7 | 313,291,604 | 67.3 | 182,638,365 | 62.9 |
| 1937 | 133,467 | 72.1 | 319,191,097 | 68.6 | 193,355,584 | 66.6 |

Source: Data from STATISTICS OF STEAM RAILWAYS OF CANADA for 1920-1934, incl. (page 28 in 1931 report) Figures covering employees, total hours and total compensation represent Grand Totals.
1935 figures from the office of the Dominion Bureau of Statistics, Transportation and Public Utilities Branch.
1936 and 1937 figures from STATISTICS OF STEAM RAILWAYS OF CANADA for years ending Dec. 31,1936 and Dec. 31, 1937, pages 32 and 34 respectively

NOTE: Data for 1920 from RAILWAY STATISTICS, for year ended Dec.31,1921, page 2 Total days multiplied by 8 to determine number of hours.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119566



As further proof of our contention, returning to the increase in the average tractive power per locomotive in 1937 over the year 1920, and returning to the part played by the locomotive engineer, we submit herewith the rates of pay per 100 miles:

| Weight on Drivers | Passenger Per 100 miles | Through freight & all other service not otherwise specified Per 100 Miles | Snow Plow and Way Freight Per 100 Miles |
|---|---|---|---|
| Less than 80,000 lbs. | $6.16 | $6.84 | $7.36 |
| 80,000 to 100,000 lbs. | 6.16 | 6.92 | 7.44 |
| 100,000 to 140,000 lbs. | 6.24 | 7.00 | 7.52 |
| 140,000 to 170,000 lbs. | 6.32 | 7.24 | 7.76 |
| 170,000 to 200,000 lbs. | 6.40 | 7.40 | 7.92 |
| 200,000 to 250,000 lbs. | 6.48 | 7.56 | 8.08 |
| 250,000 to 300,000 lbs. | 6.56 | 7.70 | 8.22 |
| 300,000 to 350,000 lbs. | 6.64 | 7.84 | 8.36 |
| 350,000 to 400,000 lbs. | 6.72 | 8.04 | 8.56 |
| 400,000 to 450,000 lbs. | 6.80 | 8.04 | 8.56 |
| 450,000 to 500,000 lbs. | 6.88 | 8.04 | 8.56 |
| 500,000 lbs. and over | 6.96 | 8.04 | 8.56 |
| Mallets, less than 275,000 lbs. | 7.16 | 8.54 | 9.06 |
| Mallets, 275,000 lbs. and over | 7.16 | 8.76 | 9.28 |

We have stated above that in 1920 the average tractive power per locomotive was 31,112 lbs., and to assist your Committee in arriving at an understanding as to how these rates of pay apply to the weight on drivers, coupled with the tractive power, we would observe that a locomotive with a tractive power of 31,112 lbs. falls generally within the classification of 140,000 to 170,000 lbs. weight on drivers, and it will be noted that the rates of pay for such locomotives are -

| Passenger | Through Freight and all other service not otherwise specified. | Snow Plow and Way Freight. |
|---|---|---|
| $6.32 | $7.24 | $7.76 |

The locomotive with a tractive power of 38,871 lbs. falls within the classification of 170,000 to 200,000 lbs. and 200,000 to 250,000 lbs. weight on drivers. While the average is 38,871 lbs. it would be true to state that the locomotives generally in use are 200,000 to 250,000 lbs.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119567



weight on drivers; the rates for these locomotives being:

| Passenger | Through freight and all other service not otherwise specified | Snow Plow and Way Freight |
|---|---|---|
| $ 6.48 | $7.56 | $8.08 |

The average tractive power having been increased by approximately 25%, it will be perhaps interesting to note that the difference in the rates of pay for locomotive engineers, whose productivity in 1937 was 25% greater than it was in 1920, is only increased by the following amounts:

| Passenger | Through freight and all other service not otherwise specified | Snow Plow and Way Freight |
|---|---|---|
| .16 cents | .32 cents | .32 cents |

While if the rates had advanced with the tractive power, they would be increased to the following extent:

| Passenger | Through freight and all other service not otherwise specified | Snow Plow and Way Freight |
|---|---|---|
| $ 1.58 | $1.81 | $1.94 |

The above does not take into account the fact, as herein set forth, that the basic rates of pay are at present approximately seven and one-half (7½%) percent below those of the year 1920.

With the advent of the heavier power and modern appurtenances, the responsibility of the locomotive engineers has greatly increased, and this coupled with the increased productivity should certainly be given recognition as a reasonable argument for a wage increase, rather than for a wage reduction, which, we take it, Professor MacDougall feels should be now instituted.

In conclusion, may we express to your Honourable Committee our appreciation of your action in granting us the privilege of appearing before you.

Respectfully submitted,

H B Rose

Assistant Grand Chief Engineer,
a n d
Dominion Legislative Representative,
Brotherhood of Locomotive Engineers.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119568

5/

Ottawa, May 3rd, 1939.

John J. Handlon Esq., Secretary,
Canadian Brotherhood of Railway Employees,
193 Kitson Street,
Norwood Grove, Manitoba.

Dear Mr. Handlon:-

This is to acknowledge receipt of yours of the 1st of May.

Have already spoken on the Bill to which your resolution refers. Have noted carefully the terms of the resolution.

Yours truly,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Form 121—10M-16-1-39.

119569

# Canadian Brotherhood of Railway Employees

AFFILIATED WITH THE ALL-CANADIAN CONGRESS OF LABOUR AND THE INTERNATIONAL TRANSPORTWORKERS' FEDERATION

Pride of the West Division No. 67

Hon Allerghen
Senator, Ottawa Canada.
Dear Sir/

Address of Writer:
193 Kitson St
Norwood Grove
Manitoba

Date May 1st 1939

at a Special Meeting of Members Division by C.B.of R.E representing some 500 clerical Workers, Station Employees Etc Canadian National Railways Winnipeg - Called for purpose of discussing a Bill introduced into the Senate aiming at Compensation for Railway Employees who will be thrown out of Work by Compulsory Enforcement of the So Called Cooperative Measures - Went on record as Entirely opposed to Such a Bill in any form and adopted the following resolution —

Whereas a Bill has been introduced into the Senate which would provide a Mere pittance as Compensation for Railway Workers who will be thrown out of Employment through a Scheme of Cooperation of the two Railways and who would Eventually have No recourse but that of being Compelled to go on relief and adding to present Terse Un Employment Situation throughout the Country - Be it therefore Resolved that we register our Emphatic disapproval of any Such Legislation being Enacted and further we are of the opinion that the Vast Majority of the people of Canada are behind us in our Condemnation of Such a Measure as we are Convinced that it is only a New form of Endeavour to put "Beatty's" Unification or Amalgamation Scheme into Effect.

Therefore we ask you to Stand by your Party's pledge to Maintain the Integrity of the Canadian National Railways - We fully believe as do the public of Canada that Cooperation will as Surely destroy it as will any other of the Many Schemes Suggested and found Wanting. We ask your Support and action against this Bill and in return give your party Continued Support in its Endeavours to Save thousands of Railway Workers and their families from Prospects of destitution and Want in Country they have helped to build.

Thanking You for Courtesy of Reply
Views.

Yours truly
J J Handley
Secretary
(John J Handley)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119570

Ottawa, May 3rd, 1939.

C. Huet-Duluth, Esq.,
1130 Beaver Hall Hill,
Montreal, Quebec.

Dear Mr. Huet-Duluth,

I duly received your letter of the 1st of May, and also have today your letter of the 28th of April. The second message arrived last.

I have read with care your communication to the Right Honourable Mackenzie King. The subject of this communication has been under investigation by the Special Senate Railway Committee, and this Committee has now reached the stage where a definite close to evidence has been arranged. Members of the Committee are exceedingly anxious to get their report out this Session. They were disappointed in not getting it out last Session. As the contents of the report will require a great deal of discussion, we will have to move quickly to be sure to complete our work. This must be the reason the Leader of the Government has seen fit not to ask that you be heard.

Yours truly,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA



CABLE ADDRESS: "MOUNTROYAL"

1000 ROOMS – 1000 BATHS

VERNON G. CARDY
MANAGING DIRECTOR

D.1957.1

# MOUNT ROYAL HOTEL

MONTREAL
CANADA

1130 Beaver Hall Hill

May 1st 1939

Right Hon. Arthur Meighen P.C.
The Senate

Enclose copy of
my letter to
Right Hon W.L. Mackenzie King

Please use this only
in case my corres-
pondence with Senator
Raoul Dandurand remains
"dans l'ombre": I also
mail him one copy

Yours truly,
C. H. - Duluth

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

11572

*Le Grand Montréal et son Plan d'Ensemble par*

*l'Institut d'*

URBANISME

*Indépendant*

LIBRE des partis et . . . des côteries: dans l'intérêt général des citoyens.

(This Institute is being promoted by the
C.DULUTH STUDIOS - GATEHOUSE BLDG.
630 Dorchester Street )

after May 15th

Montreal, May 1st 1930.

Right Honorable W. L. Mackenzie King, C.M.G., P.C.,
Prime Minister of Canada,
Ottawa, Ont.

Dear Sir,

This communication shows clearly a great danger for your Government in the fact of the Canadian National Railways proceeding with its Montreal Terminal Project, which has been condemned by the Citizens of Montreal.

To be loyal and constructive, we hereby present the manner by which your government can avoid the precipice, that is the falling of your Government at the next election, on the Montreal railway question.

To make a long history short, the following is a resume of the situation: -

The movement in favor of a Plan dEnsemble has been active since 1909 in Montreal. In 1929 - 1930 Mr. Terreault, Engineer and City advisor, made public lectures and proved to be ignorant and opposed to the movement : engineering his salary first evidently and ruling that the railway problem must be settled first, meaning the C. N. R. project first, to be with his author, Mr. Decarie. For this reason the Montreal Project has been delayed for decades.

In 1930 the Civic Government was in danger. It could prevent the danger by having the Montreal Project or a Plan Directeur made by an independent urbanism, or complete organization, in which all projects of public interest would have been coordinated and every problem solved properly, including the railway problems in the Greater Montreal area. The Desroches Government in Montreal in 1930 took the advice of Mr. Terreault who had been originally engaged by Mr. Ernest Decarie, the C.N.R. Director.

At the election the Desroches Government faced thirty-five Houde candidates speaking against the C. N. R. Project. The Mayor received 41,000 majority and only seven wards out of the thirty-five returned the Desroches candidates.

The newspaper files are there to prove my statement of facts. Therefore the Montreal citizens have proven to be unanimously opposed to the project going ahead(stupidly) before the Master Montreal Project for coordination of projects and in cooperation with all interested parties.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119573

The revolting manner of spending the federal money and the fact of "empecher Montreal de realiser son meilleur et vrai Plan d'Ensemble" - killing the better future of the Metropolis .....etc - these reasons which made the precipice for the Desroches Government in Montreal in 1930 will surely create the precipice for the Mackenzie King Federal Government in 1939.

Is is true that you are not willing to change your mind? We have doubt of this assertion of your adverseries. Why not accept our Doctrine and let it be the Senate Doctrine ?

The coordination of projects(including railway projects) in a general comprehensive plan - "Plan d'Ensemble" - is necessary for the protection of the citizens of present and future generations.

Montreal University and McGill University scientists in cooperation with interested parties, independent as to political parties, independent as to realestate speculations, united with experts in the sciences of "Urbanism" the Prescience of City Planning, would plan the extension of Montreal for double its present population with provoyance necessary for sixty years ahead and more, and the C. N. R. project would be harmonized in coordination and economically with all the many projects relatively codependent.

The Governments of Ottawa, Quebec and Montreal would pay the cost of the "Plan Directeur d'Urbanism, the skeleton plan prepared by the Independent City Planning Institute. Remember please that any work going ahead, unless this is done, will be constructions to be transformed in the near future, and exposed to entire destruction for better City Planning. Political programmes must be in harmony with the citizens'( urbanism)programme regarding public works of general interest in the area of the future Greater Montreal.

Since 1909, we - of the C. Duluth Studios - have been preparing for this [illegible]al moment, when the Federal, Provincial and Municipal Montreal governments will have to agree on the necessity of the "Plan Directeur d'Urbanism" the general skeleton plan of coordination ----- We have always kept away from party politics, but we are not neutral on politique-d'urbanism.

We propose that the three governments agree on a law forcing every concern having projects of public interest to work in cooperation with the Independent City Planning Institute until coordination be made and plans approved by the technical department of urbanism of this Institute and also by the Grand Council of this Institute.

Yours very truly,

C. Huet-Duluth

Copy to
Right H. Arthur Meighen P.C.
the Senate

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119574

1130 Beaver Hall Hill,
Montreal, 28th April 1939

Right Honorable Arthur Meighan, P. C. ,
The Senate, Ottawa, Ont.

Dear Sir,

On the 19th inst. I sent to the Honorable Mr. Dandurard a lengthy discussion on the Montreal Terminal Project of the Canadian National Railway, and at the same time I sent a copy of my letter and paper to Senator Beaubien at Ottawa.

The Municipal Government in Montreal went down to defeat at the polls in 1930 on the question of the Canadian National Project and the citizens have shown themselves to be unanimously against the project.

I am quite unbiased on the subject of politics, being only interested in the question of"politic-urbanism"

Would you be so kind, sir, as to take cognizance of the copy of my discussion on the subject to Senator Dandurand, and use your best efforts to have the matter properly discussed at the meetings of your Honorable committee of the Senate. To date I have not had the courtesy of a reply from Senator Dandurand, although I have since written him for an acknowledgement.

Yours sincerely,

Clément Huet-Duluth

C. Huet-Duluth

H30P

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119575

Montreal May 3th, 1939.

Hon. A. Meighen.
Senator
Ottawa.,

Dear Sir:-

I have your letter of the April 27th.

I include copy of my demand which has been refused again by the Committee.

As for the Union Station, neither the Windsor site of the C.P.R, nor the Dorchester site of the C.N.R are adequat sites for a real Union used by the seven companies of Transport.

The true site is between St-Lawrence and Bleury streets site approved by seven ex chief engineers of Railways (including two chief engineers of the C.P.R).

This site was chosen by McKensie and Mann from the Mont Royal tunnel to reach the Tramways terminal.

But they had no more money to prolonge their tunnel to that site; then they built in the meantime a little station in the hole where Palmer made his big mistake.

I have all the reports from their engineers about that new site I would propose as part of a general plan of Montreal including the granary plant.

I include a booklet printed 3 years ago, but the financing has been modified by a firm in England.

The Committee is unable to make a satisfying report because all the aspects of the problem is refused to be contemplated above the parties interested in the two family compacts. Why not hear a third aspect, which might bring the consent of all the parties in the interest of Canada; the Committee is bound to know it, I can answer to all the questions.

Yours very truly.
SERAPHIN OUIMET
C.E.&.L.S.

Séraphin Ouimet

750 St.Gabriel St.
Montreal
HArbour 5724
SO/MO.,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119576

Montreal, April 29th, 1939.

Mr. Arthur H. Hinds.
Chief Clerk of Committees.

Dear Sir:-

I have your letter of April 27th saying that my brief sketch in my letter of the 16th March last is not sufficient for the purposes of the Committee.

I include the following sketch which I hope shall satisfy the Committee:

NO POPULATION, NO PRODUCTION
NO PRODUCTION, NO TRAFFIC.
NO TRAFFIC, NO RAILWAY.

Therefore the life of a railway is based on traffic.

Is the production power of the actual population sufficient to give enough traffic to our railways?

Is the available traffic sufficient to abolish the deficit?

Shall the cooperation increase the traffic?

Shall the fusion increase the traffic?

Can we provoke from the western Provinces a stream of traffic on canadian routes towards all Atlantic sea ports during 12 months instead of six months as it is to day?

Can we store in Montreal a full year of cropp to answer the offer and demand during 12 months?

Can we put Montreal the centre of distribution during 12 months towards all Atlantic sea ports, canadian and american?

Can we beat Buffalo, Albany and Argentina by competition?

Why Argentina is building an hundred million dollars granary plant for 12 months?

Why foreign routes have the benefit of 67% of canadian production; the energy of canadian people?

Why Montreal has only a storage of 15 millions bushels in cappcity during only six months of commerce on the Atlantic when Vancouver is working 12 months on the Pacific?

Has the British Empire any responsability in the present situation of our railways?

Can the Imperial Governement help to extricate Canada of the railway problem as it did in 1862.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119577



Can we build in Montreal a granary plant to feed England in case of war with rapid transits of 12 months?

Can we store in Montreal the Alberta oil in case of war with facilities of 12 months?

Can we shorten the distance from Montreal to St-John and Halifax of 260 miles?

Can we have a winter harbor at Tadousac?

Can we build in Montreal a 12 month centre of distribution without taxes?

Can the Imperial Governement guarantee part of such a centre?

Why the Builders of Canada have built canadian routes towards Atlantic?

What was the spirit of the Statesmen of the past in building those canadian routes?

Why the Statesmen of to day do not maintain the spirit of the Builders of Canada?

Is it not for that reason our railways are in deficit?

I hope it is sufficient to convince the Committee to agree to my demand and to hear me.

YOURS VERY TRULY
SERAPHIN OUIMET
L.S.&.C.E.

750 St.Gabriel St.
Montreal
HArbour 5724
SO/MO.,

S.O.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119578

THE SENATE
CANADA

Ottawa,
May 3, 1939.

Rt. Hon. Arthur Meighen,
The Senate,
Ottawa, Ont.

Dear Mr. Meighen:

I thank you for the chance I have had today to read the draft report which you and others of the Special Committee on Railways propose to make to the House. This report is entirely along the lines that I approve of.

I am sorry, on account of illness, not to be able to remain in Ottawa, and, therefore, will not be here to sign the report as finally completed. I would like you, though, please to sign such report for me. I give you full authority to do so, as I am quite sure any modifications you make will not alter the nature of the final report.

Yours very truly,

Hon. Lapointe

E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.19579

REPORT MADE BY THE FOLLOWING MEMBERS OF THE SPECIAL RAILWAY COMMITTEE OF THE SENATE SELECTED TO COMPLETE THE INQUIRY AND SUBMIT A REPORT UPON THE BEST MEANS OF RELIEVING THE COUNTRY FROM ITS EXTREMELY SERIOUS RAILWAY CONDITION, AND THE FINANCIAL BURDEN CONSEQUENT THERETO.

---

It is deeply regretted that an unanimous report was found impossible of attainment, as in a matter of such grave importance, at the present juncture, the added weight of unanimity in the Committee would have been of very great value not only to Parliament but as well to all our people who are now so heavily burdened with taxation.

Canadian National Capitalization and Deficits

The Canadian National constitutes for the nation its most obdurate and perilous domestic problem. The outlay of Canada to December 31, 1938, on its publicly-owned railway system, including interest, has been in excess of $3,300,000,000, of which the greater part has been brought about by recurring yearly deficits assumed and loans made by the Canadian Government to the Canadian National.

The cash deficit in 1938, substantially greater than in 1937, as shown in the Canadian National Railways Annual Report for 1938, is $54,314,195. This deficit does not include capital losses of $2,712,877 charged against Proprietor's Equity under the Canadian National Capital Revision Act of 1937, nor does it include interest on $672,688,000, the principal amount of such Proprietor's Equity. The aggregate contributions of the Government to the System as at March 31, 1938, written off to Consolidated Fund, has amounted to $838,000,000. (See Public Accounts, 1938, Appendix 28.) In addition, the aggregate of interest to December 31, 1936, on Government loans to the System, accrued and unpaid, which was transferred to the Canadian National Securities Trust, under the Act referred to, has amounted to $574,781,000.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The above large sums already written off represent in reality assumption by the Dominion of Canada of a very considerable total of capital which went into our railways, and entail as well a substantial addition to the National Debt. No criticism of such writing off is implied in this report. The results, however, after the writing off, speak for themselves.

It is evident that the railway problem cannot continue to drift as it has done in the past, without more hardship to the taxpayer and great and imminent danger to the credit of Canada.

In view of the marked increase in Government expenditure and taxation within the last years, of our constantly growing requirements, more particularly for national defence, for the relief of large sections of the community, for rapidly expanding social legislation, and the corresponding greater necessity of husbanding the resources of the country, we are moved to quote anew the solemn admonition given to the nation by the Duff Royal Commission of 1932. It is far more justified today than it was seven years ago:

> "We feel compelled, as a matter of public duty, to strike a serious note of warning to the people of Canada. Unless the country is prepared to adopt the plan we have proposed, or some other equally effective measures, to secure the efficient and economical working of both railway systems and thereby not only reduce the burden on the federal treasury but improve the financial position of the privately-owned railway, then the only courses that would be left would be either to effect savings in national expenditure in other directions or to add still further to the burdens under which the industries of the country are suffering by the imposition of yet further taxation. Failing the adoption of one or other of these courses, and there are obvious limits to their application, the very stability of the nation's finances and the financial credit of the Canadian Pacific Railway will be threatened, with serious consequences to the people of Canada and to those who have invested their savings in that railway."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119581



Reasons for Inaction

It is contended that the expenditure of the Canadian National, even if excessive, provides for the subsistence of a portion of the population which, otherwise, might be under relief. Obviously, this is fallacious as nothing guarantees that such excess in expenditure goes to those otherwise in need of it and, above all, as such policy, if accepted, would lead to unrestrained wastage in all Government departments. The complacent state of mind of many witnesses, including some officials, who seemed anxious to see the country resign itself to the perpetuation of unbearable deficits, is deplorable. To this end it was represented that these deficits were but an apparent loss to the country, as the Canadian National provided for the nation an equal value in services which were essential to its present well-being and future development. Such a contention is utterly inadmissible, as like adequate services can be, and in fact are, rendered by the other railway system in Canada, and by similar companies in other countries, at no cost to the nation.

Witnesses appearing before the Committee outlined solutions of the problem, in which there was implied no abandonment of essential services, but all were designed to reduce or eliminate unnecessary duplication and redundancy of services.

It is obvious that relief can be obtained otherwise only by a very large increase in revenues, which appears to be definitely unattainable either through increases in rates or through any conceivable growth of traffic.

Remedies Suggested.

Three different methods were proposed to the Committee for securing economies to reduce the burden of Canadian National deficits.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119582

Voluntary co-operation

A more effective application of the co-operative provisions of the Canadian National-Canadian Pacific Act, 1933, was recommended.

This suggestion is far from being promising. Since the coming into force of the above law in 1933, the total savings from arrangements now in effect, and others agreed upon by the railways but not yet in effect, will be less than $2,000,000 per annum.

Five years of trial has, it must be admitted, demonstrated that economies to be effected through voluntary co-operation are of a very minor order. Further, the evidence submitted on behalf of the officials of both railways made it abundantly clear that hope for the future in this regard is practically negligible. The absence of singleness of interest in the result to be obtained by economies, the continuous and not unnatural jealousies of officials as to the prestige of and immediate consequences to their respective properties, make the securing of what they describe as a balance of burden and advantage the subject of a long drawn-out and almost always futile struggle. In this respect any contention that the larger measure of responsibility for this futility rests on either one of the two companies more than on the other cannot certainly be supported by the evidence.

Enforced co-operation

A second recommendation, made by the President of the Canadian National, provides for the injection into negotiations between the railways of a new body consisting of a representative of each of the railways, and a chairman appointed by the Government, the chairman to have an ower-riding vote. This body would have authority to initiate studies of any project suggested by any individual member, and, if a favourable report was made by a majority, or by the chairman alone, the proposal would automatically go before an Arbitral Tribunal for final decision.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119583

It was argued that this would relieve the railway companies of the stigma which would attach to agreement to undertake unpopular economies. As to the latter point, it would be most unwise to depend on the Government voluntarily submitting to public odium--as the result of the action of its representative--a public odium which railway officials themselves admit they have recoiled from incurring. Experience proves that no Government will incur odium knowingly. The suggestion appears to be useless.

It might be pointed out as well that there would seem to be a dangerous responsibility assumed in establishing, as the effective agent of enforced changes in operation or physical assets, a Board on which two members would, as between the two railway systems, be representative of one, and only one representative of the other. It is important to avoid with the utmost care any enforced action which might be the ground of liability to the country later on.

It seems to us the sooner the people of Canada accept the conclusion that co-operation of two competing systems cannot be effective in any worthwhile way in bringing about absolutely needed economies, the better it will be for the establishment of some really effective remedy and for the solvency of our country. In this connection it must never be forgotten that the railways are in a death struggle for a living, and while that struggle continues, each will fight for itself. The consequence of this mutual destructiveness falls on the taxpayers of Canada. It was very strongly urged before your Committee that such mutual destructiveness can only end when the officers and employees of both systems are working wholeheartedly for a single economic end.

Unification of Management

The third suggestion made was unified operation by a single management of the Canadian National and the Canadian Pacific, each company continuing to own its respective properties, and no guarantee being given to the Canadian Pacific of a return

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119584

on its stock or on its bonds or other capital issues. Each company would continue to receive, under unified operation, the net earnings which past actual results over an agreed period of years indicate that each would have received as an independent institution, and additional net earnings made available by the economies of unified operation would be shared between them on an equitable basis. It was intimated that of these additional net earnings the Canadian National should receive at least half. The suggestion was that unified operation would be under the control of a Board to be created by Parliament and to be composed of fifteen directors, five of which would be selected by the Government or by the Canadian National, five by the Canadian Pacific, and the remaining five by the directors already chosen, or by some other appropriate method.

This proposal was met at the outset by two objections:

Firstly: - It was contended that such unified management would create a huge and possibly an oppressive monopoly.

To this objection the following arguments taken from the evidence apply:

(1) For many years very large sections of the Dominion not served by both railways have lived under the monopoly, if such it be called, of either the Canadian National or the Canadian Pacific, and have done so without any perceptible disadvantage;

(2) The Railways have long ago been stripped of all powers which might render any monopolistic feature injurious to the public interest. The Board of Transport Commissioners holds by Statute supreme authority over them and controls all abandonment of lines, withdrawals or reductions of services, as well as of increases or decreases of rates and fares.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(3) The development of transportation by means of motor cars, busses and trucks (public and private) and by air and water traffic, has created conditions where even under unified railway operation there would be very effective competition anyway, and competition quite difficult to cope with. Indeed, many witnesses, including some who spoke for labour, contended strongly that under the present system of operation it was impossible to meet this competition, and that if the situation is not met effectively, railway labour itself would be direct sufferers, and on a serious scale.

(4) The modern world exists under a great number of monopolies imposed by the free will of the people for the essential purpose of suppressing excessive charges and wastage due to duplication. This is strikingly exemplified in transportation, telephone, water, gas, electricity and other urban services, and in some countries, of railways.

Secondly: - The other objection is based on the apprehension that there would be created a large mass of population, whose united influence might dominate the political life of Canada. To this the answer seems to be that if the interest coalescing the railway employees is an occupational or a professional one, it exists already. No more striking evidence of this can be imagined than the opposition to unified management, as well as to co-operation, voiced by the railway employees of both Systems through their unions.

If the interest creating the coalition be a political one, then conditions now are just as favourable for its success as they could be under unified management. Indeed, there are many who believe that such political power is now exercised. Without any doubt at all, pressure is exerted, through their unions, by the mass of employees of both railways, on political parties.

This can

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119586

This continuous, concerted pressure is mainly directed to the protection of a fortunate section among all the labouring classes of the country.

This influence is in fact one of the chief obstacles to the settlement of our railway problem. It can only be removed by placing the administration of the Canadian National definitely and finally above political interference and in the hands of capable, strong and thoroughly independent men, whose tenure of office could be attacked only for cause. This could be accomplished by placing our railways under the direction of a properly selected board, whose only object could be the successful operation of a united system.

Any reasonable cause which railway workers might have had to oppose unified management has been eliminated by the proffer of provisions protecting them, in the manner effected in Great Britain, against loss by dismissal, demotion or transfer. It must be remembered that not less than from five to seven years will be essential to attain, step by step, the full results of unification. The evidence indicates that normal attrition, which accrues through death, pension age, or resignation, would remove men from employment faster in the aggregate than would be required during the process of unification, and those who suffer in special cases--for some would so suffer--can be assuredly compensated. These guarantees which have been definitely offered are measures of protection hitherto unknown to the working classes of any industry in the country, and corresponding protection is certainly not enjoyed by any other class.

It was not unreasonable to expect that railway workers would have been reassured by the definite statement to the above effect made on behalf of the Canadian Pacific--which, undoubtedly, would be acceptable to the Government if an arrangement were

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

entered into--and would have withdrawn their opposition to a unified scheme of management. This is especially true because the scheme of compensation would be, and should be, the subject of an agreement in which the wishes of the employees would be fully represented, and the rights under such agreement would become Statutory.

The object sought to be attained is the avoidance of financial disaster to our country, in which disaster every class would suffer, and the poorer classes even more than others. It is not, therefore, unjust to ask that all co-operate in a fair spirit to such an end.

Persistence in their present attitude simply means they insist that the taxpayers of Canada, for all time, shall carry the burden of many thousands of positions which are not required. On this point it must be carefully noted that the benefit in the main goes to the more fortunate class of senior employees, while junior men are left to suffer for want of work.

In this connection, it is important to keep in mind that the railway business of the Dominion, as indeed of all countries, has been steadily diminishing in volume as compared with business as a whole. The evidence before your Committee led irresistibly to the conclusion that this tendency may be expected to continue.

Mr. Hungerford, President of the Canadian National Railways, submitted in his evidence that the efforts to operate the property on economical lines were circumscribed by what he defined as considerations of "public interest"; that what constitutes "public interest" was really determined by the Government of the day and that if the Canadian National were not a Government enterprise it certainly could not be carried on its present footing.

It may be reasonably inferred, as was indicated by the late Sir Henry Thornton in his evidence before the Royal Commission, that the policy of the Government, whatever might be

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

 119588

the efforts of the Canadian National Management to operate on sound business lines, is unhappily reflected in the administration of the railway in increases or reductions in personnel, in the carrying out of contracts for works, purchases, etc., which fact largely accounts for the Canadian National spending on operating costs alone last year 96.67¢ for every dollar earned by it, whereas, the Canadian Pacific spent 82.29¢ to earn the same amount.

As a glaring instance of political influence on the policies of the Canadian National, we may cite the fact that the completion of the Montreal Terminal was definitely promised on the hustings by Ministers of the Crown, months before the Directors made their recommendation to proceed with the work.

It is submitted that joint managership, by elimination of this and other forms of political interference, and by gradually removing duplications and utterly unnecessary costs in many spheres, might well overcome the major cause of past recurring deficits.

Savings from unification.

Sir Edward Beatty, President of the Canadian Pacific Railway Company, claimed that through the unified management of both railways, savings to the amount of $75,300,000 per annum could be effected under average traffic conditions, which he stated are those of the year 1930. This claim was supported in the greatest detail by a long line of officers of that Company. These officers and Sir Edward himself were questioned at length by members of your Committee. Figures and supporting evidence for lesser, but still huge, savings were given, applicable to years of diminished traffic.

As to the method followed to establish such savings, it seems important that it should be described in some detail.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119589

The outline which follows is carefully deduced from, and is supported in every particular by, the evidence submitted:

> As to savings by unified management, there were first set out the conclusions arrived at by the respective officials of the two Companies at the request of, and submitted to, the Duff Royal Commission. These conclusions were as follows:
>
> <u>By Canadian Pacific officials</u>:
>
> $75,300,000 based on the same scale of operations as prevailed in 1930;
>
> <u>By Canadian National officials</u>:
>
> $50,340,000 based on the scale of operations of 1931. This would be equivalent to $56,440,000 based on the scale of operations in 1930--the operations of 1930 being about 30% larger than the operations of 1931.
>
> It is clear from the above that the comparable figures are $75,300,000 as presented by Canadian Pacific officials and $56,440,000 as presented by Canadian National officials.

There was then set out a full outline of the very thorough methods adopted in arriving at the above estimates of savings.

The evidence of Canadian Pacific officials was first given and showed that a Committee of officers from the operating, engineering, traffic, mechanical and accounting Departments was constituted and worked over a long period. They surveyed the existing supervisory organizations of the two Railways as independent units, the location and function of the various lines of railway; passenger and freight train services; and terminal and shop facilities. Each phase was taken in hand by officers familiar by experience with each special work. Senior officials were made available for consultation. In a word, the resources of the entire organization were used by the Committee. The efforts of the Committee were directed not to determine any maximum limit of savings, but merely what could reasonably be expected under normal conditions. Methods employed by the Canadian National were described as somewhat unlike those adopted by the Canadian Pacific. Both, however, included economies from reduction in general overhead expenses, traffic solicitation, advertising and regional supervision; line abandonments, re-routing of traffic, increased car and train loading,, consolidation of repair work, readjustment of passenger train services, as well as from operating joint freight and passenger terminals, consolidating express and telegraph services, consolidating accounting services and other expenses. There are items which appear in each estimate which are not in the other estimate, but, considering that two different methods were followed in getting together these estimates, there is an added importance to such similarity as appears

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119590

in the two results. It was brought out in the evidence that in the case of the Canadian Pacific estimate the services of an experienced official of the Great Northern Railway Company were obtained to review very carefully the whole plan of estimating savings which had been adopted. This official, Mr. V. P. Turnburke, General Auditor of the Great Northern, had had to do, himself, with the consolidation of the Great Northern and the Northern Pacific. After a very thorough review on his part, he made certain criticisms and suggestions, and finally reported that in his opinion the committee of the Canadian Pacific, in estimating savings, had proceeded along conservative lines, and he did not hesitate to accept the conclusions reached.

> A number of principal officers and engineers of the Canadian Pacific, who had been working on seventeen committees in all, demonstrated, under the several headings in use in railway accounting, the various retrenchments in expenditure estimated to result from unified operation. Most of these headings were divided into sections and even into further sub-sections, in order in each case to build up from the ground two sets of figures--the first set being such as applied to the particular section or sub-section as a part of the two systems when unified, and the other set being the savings in each case resulting from unification.

It cannot be gainsaid that the body of evidence made up by the above process was thorough and impressive.

There is one feature of these savings which should be especially emphasized. Efforts have been made to give the public the impression that savings can only be effected, or can at least mainly be effected, by abandonment of lines. The evidence very clearly demonstrated that savings by abandonment of lines did not amount to more than 10% of the total savings that are realizable. Even this 10% of savings, which might be described as attributable to abandonment, included such almost unused short lines as to the abandonment of which no railway made objection. There appeared no intention, on the part of any of those who gave testimony, of abandoning any lines save such as would, after argument from all interested, be deemed by the Transport Commission of Canada as proper to be abandoned without sacrifice of public interest. Very large economies were shown to be realizable without abandonment at all.

The evidence supported, and, save for minor items hereinafter referred to, justified savings to an amount of $75,300,000 for the traffic level of 1930, as established in the Canadian Pacific estimate submitted to the Royal Commission in 1932.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119591

In view of the enquiries made by various members of the Committee, the Canadian Pacific undertook, since the original hearing, the preparation of an estimate on the basis of 1937 traffic level, and this showed savings of $56,346,000 without any line abandonments whatever, and savings of $59,361,000 with allowance for such line abandonments as it was reasonable to assume the Board of Transport Commissioners would authorize under present conditions. This reduction was qualified by the statement that savings would fluctuate with traffic, and, therefore, revert to $75,300,000 should traffic again reach the level of 1930.

The submission of the Canadian Pacific witnesses was necessarily of a technical nature. The same could be said, though in less degree, of the evidence in opposition submitted by the officers of the Canadian National.

To demonstrate the very special character of the argument made on both sides, it is sufficient to refer to the method used, not exclusively but in the main, to establish savings from unification.

This method required the ascertainment of reduction in train and car mileage obtainable without detriment to public service from the consolidation of lightly loaded trains--a consolidation which, manifestly, unified management could bring about--and from the use of the shortest and most economical routes both for passenger and freight. The result, according to the evidence, was a saving of 6,909,939 passenger train miles or 14.3%, and 8,897,000 freight train miles, or 15.4%. These percentage reductions and others similarly calculated were used to measure the realizable economy in the different departments where such percentages could properly be applied.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119592

In other cases economy was calculated directly by estimating what reduction would be possible by the consolidation of departments. The train and car mileage formula was used to prove over $50,000,000 out of the $75,373,000 of savings claimed as realizable. Other technical methods were applied either exclusively or jointly with decrease in train mileage to establish the balance of the economy so claimed.

All these calculations were based on the figures of 1930.

The Canadian National officers opposed the above formula and its results by denying that the stated reduction in train mileage is exact, and further by asserting that Canadian Pacific unit costs are not applicable to the Canadian National as the lines of the two railways are not comparable. Evidence was submitted by the Canadian Pacific to show that Canadian Pacific unit costs had not been applied to Canadian National operations, but, where used, had been adopted as the measure of cost possible of achievement by the unified system. The Canadian National officers further contended that the Canadian Pacific calculations took no account of the substantial reduction in expenditures of the former system from 1930 to 1937. The Canadian Pacific admitted that permanent savings made in recent years justified a deduction of $4,801,000 from the original estimate, but showed that additions of $9,056,000 were justified by other known items of change. In addition, the evidence showed that by their very nature the temporary savings made independently by the railways were entirely different from the permanent

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119593

economies which would be possible under unified management through the elimination of duplicate effort. The revised Canadian Pacific estimate to which reference has been made, having been computed on the basis of 1937 level of traffic, completely disposes, if it is reasonably accurate, of the contention that large economies are no longer available because of individual economies effected by the railways, either on account of reduction in traffic, or otherwise.

From 1930 to 1937, gross revenues of both railways fell 21.6%. Combined expenditures of both railways between the same years was reduced by 20.7%.

Mr. Fairweather seems to be the only Canadian National witness who has surveyed the whole question. The gist of his evidence was that large savings from the unification of railways were impossible of realization, as the public and employees would not tolerate consequent reduction of the services and the creation of a monopoly. When confronted with many items of savings to which these objections did not appear to pertain, even remotely, he gave the impression of unwillingness to consider any savings to which his objections did not apply. This general affirmation was supported also in general terms by Mr. Hungerford, the Canadian National President.

Throughout the testimony of these officers there was a pervading strain of concern for the popularity of the Canadian National Railway and management. This is not an unnatural characteristic, having regard to the atmosphere in which inevitably officers who are answerable only to a Government must live. It cannot, however, be too strongly emphasized that such attitude of mind leads irresistibly to redundant and extravagant services and the sacrifice of the taxpayer.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

In connection with Mr. Fairweather's evidence in particular, there must be kept in mind the report made by him and submitted to the Royal Commission of 1932. This report embodied the conclusion that there was a possible saving of $56,230,000 from unification on the traffic level of 1930, and $50,090,000 for 1931, which latter year approximated closely the traffic conditions of 1937. Further, this report was made at the request of the late Sir Henry Thornton and submitted in train conference to the Royal Commission. It is important also to note that it was prepared prior to the constitution of that Royal Commissiom, and before the Canadian Pacific, at the request of the Commission, began work on its estimate. For the preparation of the above report Mr. Fairweather had the collaboration of seven technical assistants and access to any information he desired from the Canadian Pacific.

Mr. Fairweather's original estimate is elaborate and comprises an explanatory memo of 12 pages and schedules of 39 pages. Although prepared by a totally different method, it appears to corroborate generally Sir Edward Beatty's contention as shown by the following comparison of the two estimates under their main headings:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119595

Estimates by Canadian National and Canadian Pacific respectively of possible savings through unification, based on the level of traffic for 1930.

| | C. N. R. | C. P. R. |
|---|---|---|
| Increased railway operating revenues | $ 6,540,000 | $ 1,396,000 |
| Traffic solicitation & advertising | 6,950,000 | 5,976,000 |
| Transportation & Misc. operations | 20,047,000 | 24,954,000 |
| Maintenance of Way & Structures | 3,423,000 | 14,889,000 |
| Maintenance of Equipment | 7,797,000 | 14,360,000 |
| General | 1,573,000 | 4,289,000 |
| Lake and coastal steamers | 500,000 | 450,000 |
| Hotels | 4,500,000 | --------- |
| Express operations | 600,000 | 1,450,000 |
| Telegraphs (railway & commercial) | 700,000 | 948,000 |
| Interest on released investment in material & rolling stock | 3,000,000 | 6,350,000 |
| Miscellaneous | 600,000 | 311,000 |
| Grand Total | $56,230,000 | $75,373,000 |

Details show items in each estimate that are not in the other, which indicates that a combination of both estimates might well produce potential fields of economy greater than the total of either.

Mr. Fairweather also gave evidence as to possible savings under co-operation. In this his opinion appeared to undergo very considerable variations as he first appraised savings under this head at $35,000,000, then at $24,000,000, subsequently again at $10,000,000, and finally stated that such estimates were but guesses on his part. It is difficult to appraise the value of evidence so submitted.

This very brief analysis of the evidence suffices to reveal its technical character. While the undersigned feel, as probably other members of your Committee feel, that after many months of close study of this situation, and after having had the advantage of hearing scores of witnesses on every phase of the subject and of questioning such witnesses, they have been able to reach a dependable conclusion on the merits of the conflicting contentions advanced, respectively, by officers of the two Railway Companies, they are also of the opinion that not being possessed, themselves, of special expert knowledge on these subjects, the public would be better served and better satisfied if it

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

 119596

could be supplied with the findings of an impartial tribunal of experts, qualified by training and experience to report on the evidence submitted. Accordingly, a motion was made before your Committee on May 2, 1939, in the following terms:

> "That the evidence before this Committee be submitted to a firm of Railway Engineers and Accountants of high standing, free from all interest in either Railway System, to the end that such firm may study said evidence, and especially its practical Railway engineering and accounting features, and make such physical examinations as it may deem necessary with a view to making full report to this Committee as to what in the judgment of such firm would be the amount of savings which could be effected by a system of unified management, and whether and to what extent, if any, such savings would entail impairment of service to the Canadian people."

This motion, we regret to say, was defeated.

The undersigned are of opinion that such investigation need not have entailed very great expense, because, first, the evidence is already submitted, and, secondly, investigation on the premises would only be necessary in rare cases, because facts, maps, plans and other necessary data are already available and can be made open to inspection at the offices of the respective companies. The undersigned further are of opinion that only by means of such report could the full value of the vast mass of information, which your Committee has accumulated, be obtained and utilized by the Canadian people.

The undersigned consider it a matter of much significance that on this question which should have been dealt with as a pure question of savings to the people of Canada in the operation of the nation's railways, in which question necessarily the provision of essential services would be a part, there should be found two distinctly opposite sets of opinion among railway officials, and that one set should be entirely confined to the Canadian Pacific and the other set entirely confined to the Canadian National. The question considered as above defined is, or should be, essentially one and the same for both systems. The only conclusion is that considerations

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119597

other than those included in the above definition must have intervened.

At this point again the undersigned further beg to emphasize the overwhelming necessity, from the standpoint of the whole country, from the standpoint of its credit and solvency, and for the good of every class and every community of the Dominion, that some solution definite and effective must be found, and found without further avoidable delay.

## Conclusions

In the terms of your Committee's appointment, your Committee was assigned a very definite duty, namely:

> "to inquire into and report upon the best means of relieving the country from its extremely serious railway condition, and financial burden consequent thereto,"

To comply with the above commitment, a full enquiry had first to be made. This has been done. After enquiry, the next duty is to "report", and such report must disclose what in the judgment of your Committee is a "means of relieving the country from its extremely serious railway condition, and financial burden consequent thereto"; and the "means" reported must be, in the judgment of those reporting, the "best" means as shown by the evidence submitted.

The undersigned are utterly unable to find in the evidence any hope whatever of relief from any other source than that hereinafter indicated in this report.

We further are of opinion that if, contrary to the evidence, effective relief can possibly emerge out of any other of the suggested policies, such policies applied to the extent absolutely essential to bring such measure of relief will be open to whatever objections, if any, can be offered to the course hereinafter indicated.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119598

We are impressed by the following considerations:

(1) That huge competing businesses struggling for a living in the same field can in general, and probably always, effect tremendous economies by unified operations;

(2) That such unified operations as have in a very minor way been put in effect in respect of our railways have already shown large percentage reductions. In the case, for example, of the pool trains, there has been shown an operating saving of 33%, though such pool trains still carry the waste of duplication in terminals, yards, etc.

(3) That in addition to savings in year to year operations, new capital requirements for one singly-managed System should be very substantially less than new capital requirements for two competing Systems.

(4) That assuming the public interest can be protected and essential services maintained, there would seem to be strikingly important opportunities for saving by some plan of unified management in respect of two such Systems as now exist in Canada. To ensure the full conservation of every essential public interest and public service, and to safeguard the interests of Canada, the undersigned recommend insistence on the conditions enumerated below in respect of any system of unified management which may be worked out. The undermentioned stipulations are not advanced with any thought that they are all-inclusive. We believe, however, that conditions in Canada, both as affecting the Dominion on the one hand, and as affecting the Canadian Pacific Railway Company on the other, are such that all necessary and reasonable provisions can be arrived at and agreed upon. The following objectives should be secured:

i. There should be no obligation, legal or moral, implied or expressed, whereby the country assumes any liability in respect of Canadian Pacific obligations or securities, either as to capital or interest;

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119599

ii. Any plan of unified management adopted should be such that the resulting operation can in no sense be dominated by the Canadian Pacific Railway Company;

iii. Out of earnings up to the average aggregate earnings of both Systems over such a period of years as may be agreed upon, the Canadian National must be assured the same share of such earnings as it has enjoyed of such average earnings;

iv. Out of earnings above such average earnings, which presumably will be earnings due to economies effected by unified management, the Canadian National should receive not less than one-half;

v. New capital investments, limited as they will be to joint requirements, should be provided for on a basis of definite and individual responsibility for respective shares of the capital on the part of the Canadian National (or of the Dominion of Canada), on the one hand, and of the Canadian Pacific Railway Company on the other hand.

vi. Both parties should agree to such enlargement of the powers and supervision of the Board of Transport Commissioners as may be deemed necessary to protect and serve every public interest.

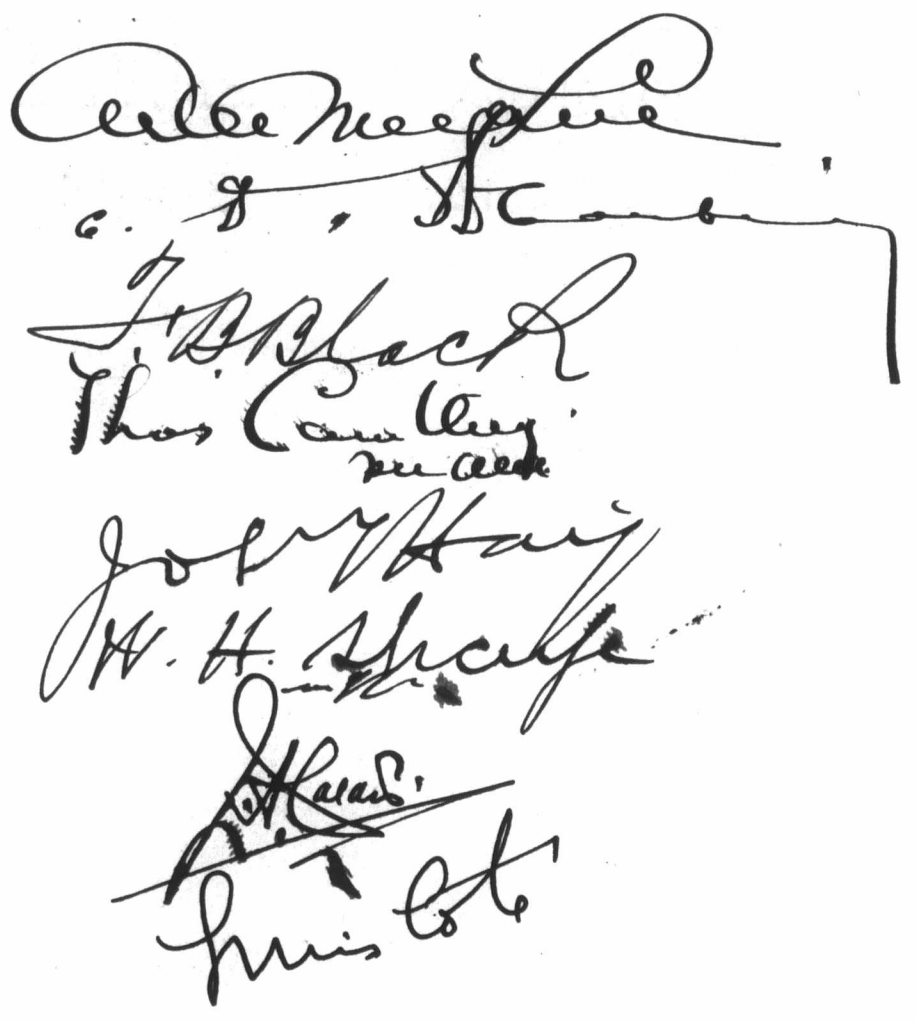
vii. In view of the very extensive economies to be attained, and to the end that the process may not involve undue hardship on anyone, provision should be made for the due protection, by both Systems, of labour adversely affected by such economies, along the lines lately followed by the Railways of Great Britain.

viii. Agreement to all provisions should be obtained from each separate class of security holders of the Canadian Pacific and of the Canadian National, insofar as such latter security holders are not already protected by Government guarantee.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The undersigned are of opinion that on the evidence submitted this country can look only to a system of unified management for relief; that the evidence demonstrates that relief can in fact be obtained under such a system, provided complete absence of political interference is assured in the Statutory terms creating such system; and are further of opinion that same can be done with ample and complete protection of all public interests.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119601

The undersigned are of opinion that on the evidence submitted this country can look only to a system of unified management for relief; that the evidence demonstrates that relief can in fact be obtained under such a system, provided complete absence of political interference is assured in the Statutory terms creating such system; and are further of opinion that same can be done with ample and complete protection of all public interests.

Geo. B. Jones

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

May 3 1939 ?

THE SENATE
CANADA

119602

#9

Memo for Rt.Hon.Mr.Meighen.

This is a very enlightening document. I think you should show it to Senator Murdoch.

The difficulty if,what can we do about it?.The railway workers are so well organized that they are difficult to deal with and in all past disputes that run so far as to bring about a strike, the public seems always to be on the side of the railway men. Until the public make up its mind to disregard the hardships of an extended strike and to show no sympathy with the strikers,I dont see what can be done. The unfair aspect of the situation seems to me to be that the RR men insist on being placed on the same payment basis as those in the U.S.A. whereas we all know that in every other trade this is not so-or possible. There lies our only solution,as I see it.

Why should young men work on a farm at $15 to 30 a month and board when they can get $75.a month as foremen,learning as they do, a trade at the expense of the Ry.Company?. They just dont do so, as my experience with a farm shews.

A.C.H.

Senator Hardy

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Sen. MacKay 1939 Copy
with his notations

REPORT MADE BY THE FOLLOWING MEMBERS OF THE SPECIAL RAILWAY COMMITTEE OF THE SENATE SELECTED TO COMPLETE THE INQUIRY AND SUBMIT A REPORT UPON THE BEST MEANS OF RELIEVING THE COUNTRY FROM ITS EXTREMELY SERIOUS RAILWAY CONDITION AND THE FINANCIAL BURDEN CONSEQUENT THERETO.

1 9 6 0 3

---

It is deeply regretted that an unanimous report was found impossible of attainment, as in a matter of such grave importance, at the present juncture, the added weight of unanimity in the Committee would have been of inestimable value.

Canadian National Capitalization and Deficits

The Canadian National constitutes for the nation its most obdurate and perilous problem. The outlay of Canada to December 31, 1938, on its publicly-owned railway system, including interest, has been in excess of $3,300,000,000, of which the greater part has been brought about by recurring yearly deficits assumed and loans made by the Canadian Government to the Canadian National.

The cash deficit in 1938, substantially greater than in 1937, as shown in the Canadian National Railways Annual Report for 1938, is $54,314,195. This deficit does not include capital losses of $2,712,877 charged against Proprietor's Equity under the Canadian National Capital Revision Act of 1937, nor does it include interest on $672,688,000, the principal amount of such Proprietor's Equity. The aggregate contributions of the Government to the System as at March 31, 1938, written off to Consolidated Fund, has amounted to $838,000,000. (See Public Accounts, 1938, Appendix 28). In addition, the aggregate of interest to December 31, 1936, on Government loans to the System accrued and unpaid, which was transferred to the Canadian National Securities Trust, under the Act referred to, has amounted to $574,781,000.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119604

The above large sums already written off represent in reality assumption by the Dominion of Canada of a very considerable total of capital which went into our railways, and entail as well a substantial addition to the National Debt. No criticism of such writing-off is implied in this report. The results, however, after the writing-off, speak for themselves.

Hard Much

It is evident that the railway problem cannot continue to drift as it has done in the past, without more hardship to the taxpayer and great and imminent danger to the credit of Canada.

In view of the marked increase in Government expenditure and taxation within the last years, of our constantly growing requirements, more particularly for national defence, for the relief of large sections of the community, for rapidly expanding social legislation, and the corresponding greater necessity of husbanding the resources of the country, we are moved to quote anew the solemn admonition given to the nation by the Royal Commission of 1932. It is far more justified today than it was seven years ago:

> "We feel compelled, as a matter of public duty, to strike a serious note of warning to the people of Canada. Unless the country is prepared to adopt the plan we have proposed, or some other equally effective measures, to secure the efficient and economical working of both railway systems and thereby not only reduce the burden on the federal treasury but improve the financial position of the privately-owned railway, then the only courses that would be left would be either to effect savings in national expenditure in other directions or to add still further to the burdens under which the industries of the country are suffering by the imposition of yet further taxation. Failing the adoption of one or other of these courses, and there are obvious limits to their application, the very stability of the nation's finances and the financial credit of the Canadian Pacific Railway will be threatened, with serious consequences to the people of Canada and to those who have invested their savings in that railway."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

 119605

**Reasons for Inaction**

It is contended that the expenditure of the Canadian National, even if excessive, provides for the subsistence of a portion of the population which, otherwise, might be under relief. Obviously, this is fallacious as nothing guarantees that such excess in expenditure goes to those otherwise in need of it and, above all, as such policy, if accepted, would lead to unrestrained wastage in all Government departments. The complacent state of mind of certain Canadian National officials who seem anxious to see the country resign itself to unbearable and unpayable deficits is deplorable. To this end it was represented that the Canadian National deficits were but an apparent loss to the country as that Company provided to the nation an equal value in services which were essential to its present well-being and future development. Such a contention is utterly inadmissible, as like adequate services can be, and in fact are, rendered by the Canadian Pacific Railway and by similar companies in other countries at no cost to the nation.

Witnesses appearing before the Committee outlined solutions of the problem, in which there was implied no abandonment of essential services, but all were designed to reduce or eliminate unnecessary duplication and redundancy of services.

It is obvious that relief can be obtained otherwise only by a very large increase in revenues, which appears to be definitely unattainable either through increases in rates or through any conceivable growth of traffic.

**Remedies Suggested.**

Three different methods were proposed to the Committee for securing economies to reduce the burden of Canadian National deficits.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119606

Voluntary co-operation

A more effective application of the co-operative provisions of the Canadian National-Canadian Pacific Act, 1933, was recommended.

For mcl

This suggestion is not very promising. Since the coming into force of the above law in 1933, the total savings from arrangements now in effect, and others agreed upon by the railways but not yet in effect, will be less than $2,000,000 per annum.

Five years of trial has, it must be admitted, demonstrated that economies to be effected through co-operation are of a very minor order. Further, the evidence submitted on behalf of the officials of both Railways made it abundantly clear that hope for the future in this regard is practically negligible. The absence of singleness of interest in the result to be obtained by economies, the continuous and not unnatural jealousies of officials as to the prestige of and immediate consequences to their respective properties, make the securing of what they describe as a balance of burden and advantage the subject of a long drawn-out and almost always futile struggle. In this respect any contention that the larger measure of responsibility for this futility rests on either one of the two Companies more than on the other cannot certainly be supported by the evidence.

Enforced co-operation

A second recommendation, made by the President of the Canadian National, provides for the injection into negotiations between the Railways of a new body consisting of a representative of each of the Railways, and a chairman appointed by the Government, the chairman to have an over-riding vote. This body would have authority to initiate studies of any project suggested by any individual member, and, if a favourable report was made by a majority, or by the chairman alone, the proposal would automatically go before an Arbitral Tribunal for final decision.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

 119607

It was argued that this would relieve the Railway Companies of the stigma which would attach to agreement to undertake unpopular economies. As to the latter point, it would be most unwise to depend on the Government voluntarily submitting to public odium - as the result of the action of its representative - a public odium which railway officials themselves admit they have recoiled from incurring. Experience proves that no Government will incur odium knowingly. The suggestion appears to be useless.

It might be pointed out as well that there would seem to be a dangerous responsibility assumed in establishing, as the effective agent of enforced changes in operation, a Board on which two members would, as between the two Railway Systems, be representative of one, and only one representative of the other. It is important to avoid with the utmost care any enforced action which might be the ground of liability on the country later on.

It seems to us the sooner the people of Canada accept the conclusion that co-operation of two competing systems cannot be effective in any worthwhile way in bringing about the absolutely needed economies, the better it will be for the establishment of a real remedy and for the solvency of our country. In this connection it must never be forgotten that the Railways are in a death struggle for a living, and while that struggle continues, each will fight for itself. The consequence of this mutual destructiveness falls on the taxpayers of Canada. It was very strongly urged before your Committee that such mutual destructiveness can only end when the officers and employees of both systems are working for the same purse.

Unification of Management.

The third suggestion made was unified operation by a single management of the Canadian National and the Canadian Pacific, each company continuing to own its respective properties and no guarantee being given to the Canadian Pacific of a return on its stock or on its bonds or other capital issues. Each company would continue to receive, under unified operation, the net earnings which past actual results over an agreed period of

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119608

years indicate that each would have received as an independent institution and additional net earnings made available by the economies of unified operation would be shared between them on an equitable basis. It was intimated that of these additional net earnings the Canadian National should receive at least half. The suggestion was that unified operation would be under the control of a Board to be created by Parliament and to be composed of fifteen directors, five of which would be selected by the Government or by the Canadian National, five by the Canadian Pacific, and the remaining five by the directors already chosen, or by some other appropriate method.

This proposal was met at the outset by two objections:

Firstly:- It was contended that such unified management would create a huge and possibly an oppressive monopoly.

To this objection the following arguments taken from the evidence apply:

(1) For many years very large sections of the Dominion have lived under the monopoly, if such it be called, of either the Canadian National or the Canadian Pacific, and have done so without any perceptible disadvantage;

(2) The Railways have long ago been stripped of all powers which might render any monopolistic feature injurious to the public interest. The Transport Board holds by Statute supreme authority over them and controls all abandonment of lines, withdrawals or reductions of services, as well as of increases or decreases of rates and fares.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119609

(3) The development of transportation by means of motor cars, busses and trucks (public and private) and by air traffic, has created conditions where even under unified railway operation there would be very effective competition anyway, and competition quite difficult to cope with. In this connection water competition also plays its part.

(4) The modern world exists under a great number of monopolies imposed by the free will of the people for the essential purpose of suppressing excessive charges and wastage due to duplication. This is strikingly exemplified in transportation, telephone, water, gas, electricity and other urban services, and in some countries, of railways.

Secondly:- The other objection is based on the apprehension that there would be created a large mass of population, whose united influence might dominate the political life of Canada. To this the answer seems to be that if the interest coalescing the railway employees is an occupational or a professional one, it exists already. No more striking evidence of this can be imagined than the opposition to unified management, voiced by the railway employees of both Systems through their unions.

If the interest creating the coalition be a political one, then conditions now are just as favourable for its success as they could be under unified management. Indeed, there are many who believe that such political power is now exercised. Without any doubt at all, pressure is exerted, through their unions, by the mass of employees of both railways, on political parties.

This continuous, concerted pressure is mainly directed to the protection of a fortunate section among all the labouring classes of the country.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

This influence is in fact one of the chief obstacles to the settlement of our railway problem. It can only be removed by placing the administration of the Canadian National definitely and finally above political interference and in the hands of capable, strong and throughly independent men, whose tenure of office could be attacked only for cause. This could be accomplished by placing our railways under the direction of a properly selected board, whose only object could be the successful operation of a united system.

Any reasonable cause which railway workers might have had to oppose unified management has been eliminated by the proffer of provisions protecting them, in the manner effected in Great Britain, against loss by dismissal, demotion or transfer. It must be remembered that not less than five or seven years will be essential to attain, step by step, the full results of unification. Normal attrition, which accrues through death, pension age, or resignation, would remove men from employment faster in the aggregate than is required for unification, and those who suffer in special cases--for some would so suffer--can be assuredly compensated. These guarantees which have been definitely offered are measures of protection hitherto unknown to the working classes of any industry in the country, and corresponding protection is certainly not enjoyed by any other class.

It was not unreasonable to expect that railway workers would have been reassured by the definite statement to the above effect made on behalf of the Canadian Pacific--which, undoubtedly, would be acceptable to the Government if an arrangement were entered into--and would have withdrawn their opposition to a unified scheme of management. This is especially true because the scheme of compensation would be, and should be, the subject

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

of an agreement in which the wishes of the employees would be fully represented, and the rights under such agreement would become Statutory.

The object sought to be attained is the avoidance of financial disaster to our country, in which disaster every class would suffer, and the poorer classes even more than others. It is not, therefore, unjust to ask that all co-operate in a fair spirit to such an end.

Persistence in their present attitude simply means that they insist that the taxpayers of Canada, for all time, shall carry the burden of many thousands of positions which are not required.

Mr. Hungerford, President of the Canadian National Railways, submitted in his evidence that the efforts to operate the property on economical lines were circumscribed by what he defined as considerations of "public interest"; that what constitutes "public interest" was really determined by the Government of the day and that if the Canadian National was not a Government enterprise it certainly could not be carried on its present footing.

It may be reasonably inferred, as was indicated by the late Sir Henry Thornton in his evidence before the Royal Commission, that the policy of the Government, whatever might be the efforts of the Canadian National Management to operate on sound business lines, is unhappily reflected in the administration of the railway in increases or reductions in or personnel, in the carrying out of contracts for works, purchases, etc., which fact largely accounts for the Canadian National spending on operating costs alone last year 96.67¢ for every dollar earned by it, whereas the Canadian Pacific spent 62.29¢ to earn the same amount.

As a glaring instance of political influence on the policies of the Canadian National, we may cite the fact that the completion of the Montreal Terminal was definitely promised on the hustings by Ministers of the Crown, months

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

before the Directors made their recommendation to proceed with the work.

It is submitted that joint managership, by elimination of this and other forms of political interference, and by gradually removing duplications and utterly unnecessary costs in many spheres, might well overcome the major cause of past recurring deficits.

Savings from unification.

Sir Edward Beatty, President of the Canadian Pacific Railway Company, claimed that through the unified management of both railways, savings to the amount of $75,300,000 per annum could be effected under average traffic conditions, which he stated are those of the year 1930. This claim was supported in the greatest detail by a long line of officers of that Company. These officers and Sir Edward himself were questioned at length by members of your Committee. Figures and supporting evidence for lesser, but still huge, savings were given, applicable to years of diminished traffic.

As to the method followed to establish such savings, it seems preferable to quote Sir Edward himself:

> "Your Committee, however, may desire some account of the basis and methods used for this calculation, and without being too technical, I shall endeavour to explain the origin of the figures. Estimates of savings were submitted by both the Canadian Pacific and Canadian National Railways as the result of requests to them of the Royal Commission. Three estimates were made - $75,300,000 by the Canadian Pacific, based on 1930; $50,340,000 by the Canadian National, based on 1931 - practically the level of traffic in 1937; and $56,440,000 by the Canadian National on a year of normal traffic, which was taken as 30 per cent above 1931, or practically the level of traffic in 1930.
>
> I should like to explain to your Committee the precise procedure followed in making the estimate offered by the Canadian Pacific Railway.
>
> When the Royal Commission requested that the Canadian Pacific exhibit in money its estimate of the amount of railway duplication, I arranged for a committee of our officers from the operating.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

of an agreement in which the wishes of the employees would be fully represented, and the rights under such agreement would become Statutory.

The object sought to be attained is the avoidance of financial disaster to our country, in which disaster every class would suffer, and the poorer classes even more than others. It is not, therefore, unjust to ask that all co-operate in a fair spirit to such an end.

Persistence in their present attitude simply means that they insist that the taxpayers of Canada, for all time, shall carry the burden of many thousands of positions which are not required.

In this connection, it is important to keep in mind that the Railway business of the Dominion, as indeed of all countries, has been steadily diminishing in volume as compared with business as a whole. The evidence before your Committee led irresistibly to the conclusion that this tendency may be expected to continue.

Mr. Hungerford, President of the Canadian National Railways, submitted in his evidence that the efforts to operate the property on economical lines were circumscribed by what he defined as considerations of "public interest"; that what constitutes "public interest" was really determined by the Government of the day and that if the Canadian National were not a Government enterprise it certainly could not be carried on its present footing.

It may be reasonably inferred, as was indicated by the late Sir Henry Thornton in his evidence before the Royal Commission, that the policy of the Government, whatever might be the efforts of the Canadian National Management to operate on sound business lines, is unhappily reflected in the administration of the railway in increases or reductions in personnel, in the carrying out of contracts for works, purchases, etc., which fact largely accounts for the Canadian National spending on operating costs alone last year 96.67¢ for every dollar earned by it, whereas the Canadian Pacific spent 82.29¢ to earn the same amount.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119614

As a glaring instance of political influence on the policies of the Canadian National, we may cite the fact that the completion of the Montreal Terminal was definitely promised on the hustings by Ministers of the Crown, months before the Directors made their recommendation to proceed with the work.

It is submitted that joint managership, by elimination of this and other forms of political interference, and by gradually removing duplications and utterly unnecessary costs in many spheres, might well overcome the major cause of past recurring deficits.

Savings from unification.

Sir Edward Beatty, President of the Canadian Pacific Railway Company, claimed that through the unified management of both railways, savings to the amount of $75,300,000 per annum could be effected under average traffic conditions, which he stated are those of the year 1930. This claim was supported in the greatest detail by a long line of officers of that Company. These officers and Sir Edward himself were questioned at length by members of your Committee. Figures and supporting evidence for lesser, but still huge, savings were given, applicable to years of diminished traffic.

As to the method followed to establish such savings, it seems preferable to quote Sir Edward himself:

> "Your Committee, however, may desire some account of the basis and methods used for this calculation, and without being too technical, I shall endeavour to explain the origin of the figures. Estimates of savings were submitted by both the Canadian Pacific and Canadian National Railways as the result of requests to them of the Royal Commission. Three estimates were made - $75,300,000 by the Canadian Pacific, based on 1930; $50,340,000 by the Canadian National, based on 1931--practically the level of traffic in 1937; and $56,440,000 by the Canadian National on a year of normal traffic, which was taken as 30 per cent above 1931, or practically the level of traffic in 1930.
>
> I should like to explain to your Committee the precise procedure followed in making the estimate offered by the Canadian Pacific Railway.
>
> When the Royal Commission requested that the Canadian Pacific exhibit in money its estimate of the amount of railway duplication, I arranged for a committee of our officers from the operating,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119615



engineering, traffic, mechanical and accounting departments to convene and to prepare an answer to the Commission's request.

They surveyed the existing supervisory organizations of the two railways as independent units, and the probable organization of a railway as unified; the location and function of the various lines of railway; the passenger and freight train services; and the terminal and shop facilities. Each phase was assigned to officers qualified to deal with it. When information covering a special problem was not available, the senior officer in the territory affected was consulted. In other words, the resources of the entire organization were used by the Committee in its work. The committee understood they were not trying to determine the maximum limit of savings, but only what could reasonably be expected under normal conditions.

In addition to savings resulting from unification of actual operations, there are other advantages. Account must be taken also of the savings in future capital expenditures. In providing for the normal growth of traffic and changes in its character, the extension of one plant would obviously cost less than the extension of two. This consideration would apply throughout the entire scheme of additions and betterments necessary to adapt the system from time to time to the use of new machinery and methods. I regard this as a most important element in unification, and one involving a very large item of saving.

As has already been pointed out, our estimate was offered with two prepared by the Canadian National Railways. One of those was a figure of $56,440,000 based on a year in which traffic would be 30 per cent above the volume of 1931. This is a little over the level of traffic in 1930, and it is, therefore, reasonable to compare theCanadian Pacific figure of $75,300,000 with the Canadian National estimate of $56,440,000.

Close examination of the two estimates shows that both included economies from reduction in general overhead expenses, traffic solicitation, advertising and regional supervision; from line abandonments; from re-routing of traffic; from increased car and train loading; from consolidation of repair work; from readjustment of passenger train services; from operating joint freight and passenger terminals; from consolidating express and telegraph services; from reduction in accounting, and other expenses. Individual items appear in each estimate which are not in the other, but, considering that two quite different methods were followed in compiling the estimates the close similarity in result is unquestionable proof that, at the time of the Royal Commission, responsible officers of both companies were in general agreement that the savings to be had were substantial."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119616

And Sir Edward adds:

"When the preliminary results of the various studies were ready, a draft report was prepared and considered by Mr. Grant Hall, Vice-President, Mr. Coleman, Vice-President, Western Lines, Mr. Curle, General Counsel, and Mr. E. E. Lloyd, Comptrollider. The Committee were questioned in detail upon their conclusions, corrected, when necessary, and instructed to continue their studies along the lines which had been followed and to prepare the necessary exhibits for filing with the Commission. Upon the completion of the final draft, it was again reviewed in detail by Messrs. Hall, Coleman, Curle and Lloyd. Mr. W. N. Tilley, Consulting Counsel, and I also went over the material carefully with a number of the officers concerned. I should mention that, knowing the importance that might be attached to the findings, I asked the President of the Great Northern Railway if he could have someone who had had experience in calculating the possible savings from the consolidation of the Great Northern and Northern Pacific come to Montreal and examine the work of our Committee. He kindly allowed Mr. V. P. Turnburke, General Auditor of the Great Northern, to do so. The latter who had had extensive engineering accounting experience, spent some time examining the Committee's work, made some criticisms and certain suggestions, and later reported to me that he was satisfied that the Committee had proceeded upon conservative lines and that from his experience he would not hesitate to accept the conclusions reached."

Exemplifying the method expounded by Sir Edward Beatty, a number of principal officers and engineers of the Canadian Pacific, divided into seventeen committees, demonstrated, under the several headings in use in railway accounting, the retrenchment in expenditure estimated to result from unification of the two systems. Most of these headings were divided into sections and even into further sub-sections in order, in each case, to build up from the ground, on the one hand, such particular section or sub-section as a part of the two systems when consolidated and, on the other hand, to gather and appraise the savings resulting from this operation. It cannot be gainsaid that the body of evidence made up by this process was thorough and impressive.

There is one feature of these savings which should be especially emphasized. Efforts have been made to give the public the impression that savings can only be

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119617



effected, or can at least mainly be effected, by abandonment of lines. The evidence very clearly demonstrated that savings by abandonment of lines did not amount to more than 10% of the total savings that are realizable. Even this 10% of savings, which might be described as attributable to abandonment, included such almost unused short lines as to the abandonment of which no railway made objection. There appeared no intention, on the part of any of those who gave testimony, of abandoning any lines save such as would, after argument from all interested, be deemed by the Transport Commission of Canada as proper to be abandoned without sacrifice of public interest.

It supported, and, save for minor items hereinafter referred to, justified savings to an amount of $75,200,000 for the traffic level of 1920, as established in the Canadian Pacific estimate submitted to the Royal Commission in 1932.

In view of the inquiries made by various members of the Committee, the Canadian Pacific undertook, since the original hearing, the preparation of an estimate on the basis of 1937 traffic level, and this showed savings of $56,346,000 without any line abandonments whatever, and savings of $59,361,000 with allowance for such line abandonments as it was reasonable to assume the Board of Transport Commissioners would authorize under present conditions. This reduction was qualified by the statement that savings would fluctuate with traffic and, therefore, revert to $75,200,000 should traffic again reach the level of 1920.

The submission of the Canadian Pacific witnesses was necessarily of a technical nature. The same could be said, though in less degree, of the evidence in opposition submitted by the officers of the Canadian National.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119618



To demonstrate the very special character of the argument made on both sides, it is sufficient to refer to the method used, not exclusively but in the main, to establish savings from unification.

This method required the ascertainment of reduction in train and car mileage obtainable without detriment to public service from the consolidation of lightly loaded trains-- a consolidation which manifestly unified management could bring about--and from the use of the shortest and most economical routes both for passenger and freight. The result, according to the evidence, was a saving of 6,909,939 passenger train miles or 14.8% and 8,097,000 freight train miles, or 15.4%. These percentage reductions and others similarly calculated were used to measure the realizable economy in the different departments where such percentages could properly be applied.

In other cases economy was calculated directly by estimating what reduction would be possible by the consolidation of departments. The train and car mileage formula was used to prove over $50,000,000 out of the $75,375,000 of savings claimed as realizable. Other technical methods were applied either exclusively or jointly with decrease in train mileage to establish the balance of the economy so claimed.

All these calculations were based on the figures of 1930.

The Canadian National officers opposed the above formula and its results by denying that the stated reduction in train mileage is exact, and further by asserting that Canadian Pacific unit costs are not applicable to the Canadian National as the lines of the two railways are not comparable. Evidence was submitted by the Canadian Pacific to show that Canadian Pacific unit costs had not been applied to Canadian National operations, but, where used, had been adopted as the measure of cost possible of achievement by the unified system.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119619

The Canadian National officers further contended that the Canadian Pacific calculations took no account of the substantial reduction in expenditures of the former system from 1930 to 1937. The Canadian Pacific admitted that permanent savings made in recent years justified a deduction of $4,801,000 from the original estimate, but they showed that additions of $9,056,000 were justified by other known items of change. In addition, the evidence showed that by their very nature the temporary savings made independently by the railways were entirely different from the permanent economies which would be possible under unified management through the elimination of duplicate effort. The revised Canadian Pacific estimate to which reference has been made, having been computed on the basis of 1937 level of traffic, completely disposes, if it is reasonably accurate, of the contention that large economies are no longer available because of individual economies effected by the railways, either on account of reduction in traffic, or otherwise.

From 1930 to 1937, gross revenues of both railways fell 21.6%. Combined expenditures of both railways between the same years was reduced by 20.7%.

Mr. Fairweather seems to be the only Canadian National witness who has surveyed the whole question. The gist of his evidence was that large savings from the unification of railways were impossible of realization as the public and employees would not tolerate consequent reduction of the services and the creation of a monopoly. When confronted with many items of savings to which these objections did not appear to pertain, even remotely, he gave the impression of unwillingness to consider any savings to which his objections did not apply. This general affirmation was supported also in general terms by Mr. Hungerford, the Canadian National President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119620



Throughout the testimony of these officers there was a pervading strain of concern for the popularity of the Canadian National Railway and management. This is not an unnatural characteristic, having regard to the atmosphere in which inevitably officers who are answerable only to a Government must live. It cannot, however, be too strongly emphasized that such attitude of mind leads irresistibly to redundant and extravagant services and the sacrifice of the taxpayer.

In connection with Mr. Fairweather's evidence in particular, there must be kept in mind the report made by him and submitted to the Royal Commission of 1932. This report embodied the conclusion that there was a possible saving of $56,230,000 from unification on the traffic level of 1930, and $50,090,000 for 1931, which latter year approximated closely the traffic conditions of 1927. Further, this report was made at the request of the late Sir Henry Thornton and submitted in train conference to the Royal Commission. It is important also to note that it was prepared prior to the constitution of that Royal Commission, and before the Canadian Pacific, at the request of the Commission, began work on its estimate. For the preparation of the above report Mr. Fairweather had the collaboration of seven technical assistants and access to any information he desired from the Canadian Pacific.

Mr. Fairweather's estimate is elaborate and comprises an explanatory memo of 12 pages and schedules of 89 pages. Although prepared by a totally different method, it appears to corroborate generally Sir Edward Beatty's contention as shown by the following comparison of the two estimates under their main headings:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119621



Estimates by Canadian National and Canadian Pacific respectively of possible savings through unification, based on the level of traffic for 1930.

| | C. N. R. | C. P. R. |
|---|---|---|
| Increased railway operating revenues | $ 6,540,000 | $ 1,396,000 |
| Traffic solicitation & advertising | 6,950,000 | 5,976,000 |
| Transportation & Mis. operations | 20,047,000 | 24,954,000 |
| Maintenance of Way & Structures | 3,425,000 | 14,889,000 |
| Maintenance of Equipment | 7,797,000 | 14,360,000 |
| General | 1,575,000 | 4,289,000 |
| Lake and coastal steamers | 500,000 | 450,000 |
| Hotels | 4,500,000 | ---------- |
| Express operations | 600,000 | 1,450,000 |
| Telegraphs (railway & commercial) | 700,000 | 948,000 |
| Interest on released investment in material & rolling stock | 3,000,000 | 6,350,000 |
| Miscellaneous | 600,000 | 311,000 |
| Grand Total | $56,250,000 | $75,373,000 |

Details show items in each estimate that are not in the other, which indicates that a combination of both estimates might well produce potential fields of economy greater than the total of either.

Mr. Fairweather also gave evidence as to possible savings under co-operation. In this his opinion appeared to undergo very considerable variations as he first appraised savings under this head at $35,000,000, then at $24,000,000, subsequently again at $10,000,000, and finally stated that such estimates were but guesses on his part. It is difficult to appraise the value of evidence so submitted.

This very brief analysis of the evidence suffices to reveal its technical character. While the undersigned feel, as probably other members of your Committee feel, that after many months of close study of this situation, and after having had the advantage of hearing scores of witnesses on every phase of the subject and of questioning such witnesses, they have been able to reach a dependable conclusion on the merits of the conflicting contentions advanced, respectively, by officers of the two Railway Companies, they are also of the opinion that not being possessed, themselves, of special expert knowledge on these subjects, the public would be better served if it

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19622



could be supplied with the findings of an impartial tribunal of experts, qualified by training and experience to report on the evidence submitted. Accordingly, a motion was made before your Committee on May 2, 1939, in the following terms:

> "Moved by the Right Honourable Arthur Meighen that the evidence before this Committee be submitted to a firm of Railway Engineers and Accountants of high standing, free from all interest in either Railway System, to the end that such firm may study said evidence, and especially its practical Railway engineering and accounting features, and make such physical examinations as it may deem necessary with a view to making full report to this Committee as to what in the judgment of such firm would be the amount of savings which could be effected by a system of unified management, and whether and to what extent, if any, such savings would entail impairment of service to the Canadian people."

firm X

This motion, we regret to say, was defeated.

The undersigned are of opinion that such investigation need not entail very great expense, because, first, the evidence is already submitted, and, secondly, investigation on the premises will only be necessary in rare cases, because facts, maps, plans and other necessary data are already available and can be made open to inspection at the offices of the respective Companies. The undersigned further are of opinion that only by means of such report can the full value of the vast mass of information, which your Committee has accumulated, be obtained and utilized by the Canadian people.

The undersigned consider it a matter of much significance that on this question which should have been dealt with as a pure question of savings to the people of Canada in the operation of the nation's Railways, in which question necessarily the provision of essential services would be a part, there should be found two distinctly opposite sets of opinion among railway officials, and that one set should be entirely confined to the Canadian Pacific and the other set entirely confined to the Canadian National. The question considered as above defined is, or should be, essentially one and the same for both Systems. The only conclusion is that considerations other than those included in the above definition must have intervened.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 19623

At this point again the undersigned further beg to emphasize the overwhelming necessity, from the standpoint of the whole country, from the standpoint of its credit and solvency, and for the good of every class and every community of the Dominion, that some solution definite and effective must be found, and found without further delay.

## Conclusions

We were utterly unable to find any hope whatever of relief from any other source than that hereinafter indicated in this report.

We further are of opinion that if, contrary to the evidence, effective relief can possibly emerge out of any other of the suggested policies, such policies applied to the extent absolutely essential to bring such measure of relief will be open to whatever objections, if any, can be offered to the course hereinafter indicated.

We are impressed by the following facts:

(1) That huge competing businesses struggling for a living in the same field can in general, and probably always, effect tremendous economies by unified operations.

(2) That such unified operations as have already in a very minor way been put in effect in respect of our railways, as, for example, the pool trains, have already shown an operating saving of 33%, though such pool trains still carry the waste of duplication in terminals, yards, etc.

(3) That assuming the public interest can be protected and essential services maintained, there would seem to be strikingly important opportunities for saving by unified management in respect of two such Systems as the Canadian Pacific and the Canadian National. To ensure the full conservation of every essential public interest and public service, and to safeguard the interests of Canada, the undersigned recommend insistence on the conditions enumerated below in respect of any system of unified management which may be worked out. The undermentioned conditions are not advanced with any thought that they are all-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

inclusive. We believe, however, that conditions in Canada, both as affecting the Dominion on the one hand, and as affecting the Canadian Pacific Railway Company on the other, are such that all necessary and reasonable stipulations and conditions can be arrived at and agreed upon. Provision to the following effect should be secured:

i. There should be no obligation, legal or moral, implied or expressed, whereby the country assumes any liability in respect of Canadian Pacific obligations or securities, either as to capital or interest;

ii. Out of earnings up to the average aggregate earnings of both Systems over a period of five, ten or fifteen years as may be agreed upon, the Canadian National must be assured the same share of such earnings as it has enjoyed of such average earnings.

iii. Out of earnings above such average earnings, which presumably will be earnings due to economies effected by unified management, the Canadian National should receive not less than one-half.

iv. New capital investments, limited as they will be to joint requirements, should be provided for on a basis of definite and individual responsibility for respective shares of the capital on the part of the Canadian National (or of the Dominion of Canada), on the one hand, and of the Canadian Pacific Railway Company on the other hand.

v. Both parties should agree to such enlargement of the powers of the Board of Transport Commissioners as may be deemed necessary to serve every public interest.

vi. In view of the very extensive economies to be attained, and to the end that the process may not involve undue hardship on anyone, provision should be made for the due protection, by both Systems, of labour adversely affected by such economies, along the lines lately followed by the Railways of Great Britain.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119625



vii. Agreement to all provisions should be obtained from each separate class of security holders of the Canadian Pacific and of the Canadian National, insofar as such latter security holders are not already protected by Government guarantee.

The undersigned being of opinion that on the evidence submitted this country can look only to a system of unified management for relief, and being further of opinion that the evidence demonstrates that relief can be obtained under such a system, provided complete absence of political interference is assured, and that same can be done with ample and complete protection of all public interests, recommends as follows:

I. That because of the need of bringing public opinion in Canada to a better understanding of all facts and arguments bearing on this problem and to a better appreciation of the true meaning and implications thereof, and of the solution suggested, the Government be urged to submit the evidence to a Board of technical experts, as suggested in the Resolution quoted in this report. The undersigned are confident that the effect of such report would be not only helpful to public opinion in general in advancing the solution of this problem, but would be decisive as to the policy any Government in office would be constrained to adopt.

II. That if the Government is not so disposed, steps should be taken at once to negotiate an agreement looking to the unified management of the two Railway Systems of Canada, and to provide in such agreement and in the legislation to give effect to same, complete and effective protection of all public interests.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The Canadian National constitutes for the nation its most obdurate and perilous problem. The outlay of Canada to December 31st, 1938, on its publicly-owned railway system, including interest, has been in excess of $3,300,000,000, of which ~~by far~~ the greater part has been brought about by recurring yearly deficits assumed and loans made by the Canadian Government to the Canadian National.

1 - 9626

The cash deficit in 1938, substantially greater than in 1937, as shown in the Canadian National Railways Annual Report for 1938, is $54,314,195. This deficit does not include capital losses of $2,712,877 charged against Proprietor's Equity, under the Canadian National Capital Revision Act of 1937, nor does it include interest on $672,688,000, the principal amount of such Proprietor's Equity. The aggregate contributions of the Government to the System as at March 31st, 1938, written off to Consolidated Fund, has amounted to $838,000,000 (See Public Accounts, 1938, Appendix 28). In addition, the aggregate of interest to December 31st, 1936, on Government loans to the System accrued and unpaid, which was transferred to the Canadian National Securities Trust, under the Act referred to, has amounted to $574,781,000. No implied criticism May 3 1939? a

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Sen. Beaubien's report 1939

REPORT MADE BY THE FOLLOWING MEMBERS OF THE SPECIAL RAILWAY COMMITTEE OF THE SENATE SELECTED TO COMPLETE THE INQUIRY AND SUBMIT A REPORT UPON THE BEST MEANS OF RELIEVING THE COUNTRY FROM ITS EXTREMELY SERIOUS RAILWAY CONDITION, AND THE FINANCIAL BURDEN CONSEQUENT THERETO.

It is deeply regretted that an unanimous report was found impossible of attainment, as in a matter of such grave importance, at the present juncture, the added weight of unanimity in the Committee would have been of inestimable value.

Canadian National Capitalization and Deficits

The Canadian National constitutes for the nation its most obdurate and perilous problem. The present investment of Canada in its railway system exceeds $3,300,000,000, of which by far the greater part is brought about by recurring yearly deficits assumed and loans made by the Canadian Government for the Canadian National.

The cash deficit in 1938, substantially greater than in 1937, as shown in the Canadian National Railways Annual Report for 1938, is $54,314,195. This deficit does not include interest on loans advanced by Government, which amounts annually to approximately $ nor does it include capital losses of $2,712,877 charged against Proprietor's Equity. The aggregate interest as at December 31st, 1938, on Government contributions to the System, written off to Consolidated Fund, amounted to $838,000,000 (See Public Accounts 1938, appendix 28). The aggregate interest at the same date on Proprietor's Equity totalled $672,688,000.

It is evident that the railway problem cannot continue to drift as it has done in the past, without more hardship to the taxpayer, and great and imminent danger to the credit of Canada.

In view of the marked increase in Government expenditure and taxation within the last years, of our constantly growing requirements, more particularly for national defence, for the relief of large sections of the community, for rapidly expanding social legislation, and the corresponding greater necessity of husbanding the resources of the country, we are moved to quote anew the solemn admonition given to the nation by the Royal Commission of 1932. It is far more justified today than it was seven years ago:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19628



"We feel compelled, as a matter of public duty, to strike a serious note of warning to the people of Canada. Unless the country is prepared to adopt the plan we have proposed, or some other equally effective measures, to secure the efficient and economical working of both railway systems and thereby not only reduce the burden on the federal treasury but improve the financial position of the privately-owned railway, then the only courses that would be left would be either to effect savings in national expenditure in other directions or to add still further to the burdens under which the industries of the country are suffering by the imposition of yet further taxation. Failing the adoption of one or other of these courses, and there are obvious limits to their application, the very stability of the nation's finances and the financial credit of the Canadian Pacific Railway will be threatened, with serious consequences to the people of Canada and to those who have invested their savings in that railway."

Reasons for Inaction

It is contended that the expenditure of the Canadian National, even if excessive, provides for the subsistence of a portion of the population which, otherwise, might be under relief. Obviously, this is fallacious as nothing guarantees that such excess in expenditure goes to those otherwise in need of it and, above all, as such policy, if accepted, would lead to unrestrained wastage in all Government departments. The complacent state of mind of certain Canadian National officials who seem anxious to see the country resign itself to unbearable and unpayable deficits is deplorable. To this end it was represented that the Canadian National deficits were but an apparent loss to the country as that company provided an equal value in services to the Nation which were essential to its present well-being and future development. Such a contention is utterly inadmissible, as like adequate services can be, and in fact are, rendered by the Canadian Pacific Railway and by similar companies in other countries at no cost to the Nation.

Witnesses appearing before the Committee outlined ~~fully~~ solutions of the problem, in which there was implied no abandonment of essential services, but all were designed to reduce or eliminate unnecessary duplication and redundancy of services.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.119629



It is obvious that relief can be obtained otherwise only by a very large increase in revenues, which appears to be definitely unattainable either through increases in rates or through any conceivable growth of traffic.

Remedies suggested.

Three different methods were proposed to the Committee for securing economies to reduce the burden of Canadian National deficits.

Voluntary co-operation

A more effective application of the co-operative provisions of the Canadian National-Canadian Pacific Act, 1933 was recommended.

This suggestion is not very promising. Since the coming into force of the above law in 1933, the total savings from arrangements now in effect, and others agreed upon by the railways but not yet in effect, will be less than $2,000,000 per annum.

Five years of trial has, it must be admitted, demonstrated that economies to be effected through co-operation are of a very minor order. Further, the evidence submitted on behalf of the officials of both Railways made it abundantly clear that hope for the future in this regard is practically negligible. The absence of singleness of interest in the result to be obtained by economies, the continuous and not unnatural jealousies of officials as to the prestige of and immediate consequences to their respective properties, make the securing of what they describe as a balance of burden and advantage the subject of a long drawn-out and almost always futile struggle. In this respect any contention that the larger measure of responsibility for this futility rests on ~~the Canadian Pacific~~ either one of the two companies more than on the other cannot certainly be supported by the evidence.

Enforced co-operation.

A second recommendation, made by the President of the Canadian National, provides for the injection into negotiations between the Railways of a new body consisting of a representative of each of the Railways, and a chairman appointed by the Government, the chairman to have an over-riding vote. This body would have authority to initiate

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

M.19630



studies of any project suggested by any individual member and if a favourable report was made by a majority, or by the chairman alone, the proposal would automatically go before an Arbitral Tribunal for final decision. It was argued that this would relieve the railway companies of the stigma which would attach to agreement to undertake unpopular economies. As to the latter point it would be most unwise to depend on the Government voluntarily submitting to public odium - as the result of the action of its representative - a public odium which railway officials themselves admit they have recoiled from incurring. Experience proves that no Government will incur odium knowingly. The suggestion appears to be useless. Exception to it from the Canadian Pacific is clearly not unreasonable, as the Government delegate, in conjunction with the Canadian National representative, might be urged to vote for the adoption of schemes costly to the Canadian Pacific, and treat very differently those unfavourable to the Canadian National.

It seems to us the sooner the people of Canada accept the conclusion that co-operation of two competing systems cannot be effective in any worthwhile way in bringing about the absolutely needed economies, the better it will be for the establishment of a real remedy and for the solvency of our country. In this connection it must never be forgotten that the Railways are in a death struggle for a living, and while that struggle continues, each will fight for itself. The consequence of this mutual destructiveness falls on the taxpayers of Canada. It was very strongly urged before your Committee that such mutual destructiveness can only end when the officers and employees of both systems are working for the same purse.

Unification of Management.

The third suggestion made was unified operation by a single management of the Canadian National and the Canadian Pacific, each company continuing to own its respective properties and no guarantee being given to the Canadian Pacific of a return on its stock or on its bonds or other capital issues. Each company would continue to receive, under unified operation, the net earnings which past actual results over an agreed on period of years indicate that each would have received as an independent institution and additional net earnings made available

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[illegible] 19631



by the economies of unified operation would be shared between them on an equitable basis. It was intimated that of these additional net earnings the Canadian National should receive at least half. The suggestion was that unified operation would be under the control of a Board to be created by Parliament and to be composed of fifteen directors, five of which would be selected by the Government or by the Canadian National, five by the Canadian Pacific, and the remaining five by the directors already chosen, or by some other appropriate method.

This proposal was met at the outset by two objections:

Firstly, it was contended that such unified management would create a huge and possibly an oppressive monopoly.

To this objection the following arguments taken from the evidence apply:

(1) For many years very large sections of the Dominion have lived under the monopoly, if such it be called, of either the Canadian National or the Canadian Pacific, and have done so without any perceptible disadvantage;

(2) The Railways have long ago been stripped of all powers which might render any monopolistic feature injurious to the public interest. The Transport Board hold by Statute supreme authority over them and control all abandonment of lines, withdrawals or reductions of services, as well as of ~~increases~~ decreases of rates and fares.

C > 3 Other compulsions

(3) The modern world exists under a great number of monopolies imposed by the free will of the people for the essential purpose of suppressing excessive charges and wastage due to duplication. This is strikingly exemplified in transportation, telephone, water, gas, electricity and other urban services, and in some countries, of railways.

Secondly; The other objection is based on the apprehension that there would be created a large mass of population, whose united influence might dominate the political life of Canada. To this the answer seems to be that if the interest coalescing the railway employees is an occupational or a professional one, it exists already. No more striking evidence of this can be imagined than the opposition to unified management, voiced by the railway employees of both Systems through their unions.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 119632



If the interest creating the coalition be a political one, then conditions now are just as favourable for its success as they could be under unified management. Indeed, there are many who believe that such political power is now exercised. Without any doubt at all pressure is exerted, through their unions, by the mass of employees of both railways on political parties.

This continuous, concerted pressure is mainly directed to the protection of a fortunate, ~~if not, indeed, a privileged~~ section, among all the labouring classes of the country.

This influence is in fact one of the chief obstacles to the settlement of our railway problem. It can only be removed by placing the administration of the Canadian National definitely and finally above political interference and in the hands of capable, strong and thoroughly independent men, whose tenure of office could be attacked only for cause. This could be accomplished by placing our railways under the direction of a properly selected board, whose only object could be the successful operation of a united system.

Any reasonable cause which railway workers might have had to oppose unified management has been eliminated by the proffer of provisions protecting them, in the manner effected in Great Britain, against loss by dismissal, demotion or transfer. Normal attrition, which accrues through death, pension age, or resignation, would remove men from employment faster in the aggregate than is required for unification, and those who suffer in special cases, for some would so suffer, can be assuredly compensated. These guarantees which have been definitely offered are measures of protection hitherto unknown to the working classes of any industry in the country, and corresponding protection is certainly not enjoyed by any other class.

It was not unreasonable to expect that railway workers would have been re-assured by the definite statement to the above effect made on behalf of the Canadian Pacific - which, undoubtedly, would be acceptable to the Government if an arrangement were entered into - and would have withdrawn their opposition to a unified scheme of management.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19633



The object sought to be attained is the avoidance of financial disaster to our country, in which disaster every class would suffer, and the poorer classes even more than others. It is not, therefore, unjust to ask that all co-operate in a fair spirit to such an end.

Persistence in their present attitude simply means that they insist that the taxpayers of Canada, for all time, shall carry the burden of many thousands of positions which are not required.

Mr. Hungerford, President of the Canadian National Railways, ~~admitted~~ submitted in his evidence that the efforts to operate the property on economical lines were circumscribed by what he defined as considerations of "public interest"; that what constitutes "public interest" was really determined by the Government of the day and that if the Canadian National was not a Government enterprise it certainly could not be carried on its present footing.

It may be reasonably inferred, as was indicated by the late Sir Henry Thornton in his evidence before the Royal Commission, that the policy of the Government, whatever might be the efforts of the Canadian National Management to operate on sound business lines, is unhappily reflected in the administration of the railway in increases or reductions in personnel, in the carrying out of contracts for works, purchases, etc., which fact largely accounts for the Canadian National spending on operating costs alone last year 96.67¢ for every dollar earned by it, whereas the Canadian Pacific spent 82.29¢ to earn the same amount.

As a glaring instance of political influence on the policies of the Canadian National, we may cite the fact that the completion of the Montreal Terminal was definitely promised on the hustings by Ministers of the Crown, months before the Directors made their recommendation to proceed with the work.

It is submitted that joint managership, by elimination of this and other forms of political interference, and by gradually removing duplications and utterly unnecessary costs in many spheres, might well overcome the major cause of past recurring deficits.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119634

Savings from unification.

Sir Edward Beatty, President of the Canadian Pacific Railway Company, claimed that through the unified management of both railways, savings to the amount of $75,300,000 per annum could be effected under average traffic conditions, which he stated are those of the year 1930. This claim was supported in the greatest detail by a long line of officers of that Company. These officers and Sir Edward himself were questioned at length by members of your Committee. Figures and supporting evidence for lesser, but still huge, savings were given, applicable to years of diminished traffic.

As to the method followed to establish such savings, it seems preferable to quote Sir Edward himself:

> "Your Committee, however, may desire some account of the basis and methods used for this calculation, and without being too technical, I shall endeavour to explain the origin of the figures. Estimates of savings were submitted by both the Canadian Pacific and Canadian National Railways as the result of requests to them of the Royal Commission. Three estimates were made - $75,300,000 by the Canadian Pacific, based on 1930; $50,340,000 by the Canadian National, based on 1931 - practically the level of traffic in 1937; and $56,440,000 by the Canadian National on a year of normal traffic, which was taken as 30 per cent above 1931, or practically the level of traffic in 1930.
>
> I should like to explain to your Committee the precise procedure followed in making the estimate offered by the Canadian Pacific Railway.
>
> When the Royal Commission requested that the Canadian Pacific exhibit in money its estimate of the amount of railway duplication, I arranged for a committee of our officers from the operating, engineering, traffic, mechanical and accounting departments to convene and to prepare an answer to the Commission's request.
>
> They surveyed the existing supervisory organizations of the two railways as independent units, and the probable organization of a railway as unified; the location and

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

function of the various lines of railway; the passenger and freight train services; and the terminal and shop facilities. Each phase was assigned to officers qualified to deal with it. When information covering a special problem was not available, the senior officer in the territory affected was consulted. In other words, the resources of the entire organization were used by the Committee in its work. The committee understood they were not trying to determine the maximum limit of savings, but only what could reasonably be expected under normal conditions.

In addition to savings resulting from unification of actual operations, there are other advantages. Account must be taken also of the savings in future capital expenditures. In providing for the normal growth of traffic and changes in its character, the extension of one plant would obviously cost less than the extension of two. This consideration would apply throughout the entire scheme of additions and betterments necessary to adapt the system from time to time to the use of new machinery and methods. I regard this as a most important element in unification, and one involving a very large item of saving.

As has already been pointed out, our estimate was offered with two prepared by the Canadian National Railways. One of those was a figure of $56,440,000, based on a year in which traffic would be 30 percent above the volume of 1931. This is a little over the level of traffic in 1930, and it is, therefore, reasonable to compare the Canadian Pacific figure of $75,300,000 with the Canadian National estimate of $56,440,000.

Close examination of the two estimates shows that both included economies from reduction in general overhead expenses, traffic solicitation, advertising and regional supervision; from line abandonments; from re-routing of traffic; from increased car and train loading; from consolidation of repair work; from readjustment of passenger train services; from operating joint freight and passenger terminals; from consolidating express and telegraph services; from reduction in accounting, and other expenses. Individual items appear in each estimate which are not in the other, but, considering that two quite different methods were followed in compiling the estimates the close similarity in result is unquestionable proof that, at the time of the Royal Commission, responsible officers of both companies were in general agreement that the savings to be had were substantial."

And Sir Edward adds:

"When the preliminary results of the various studies were ready, a draft report was prepared and considered by Mr. Grant Hall, Vice-President, Mr. Coleman, Vice-President, Western Lines, Mr. Curle, General Counsel, and Mr. E. E. Lloyd, Comptroller. The Committee were questioned in detail upon their conclusions, corrected, when necessary, and instructed to continue their studies along the lines which had been followed and to prepare the necessary exhibits for filing with the Commission. Upon the completion of the final draft, it was again reviewed in detail by Messrs. Hall, Coleman, Curle and Lloyd. Mr. W. N. Tilley, Consulting Counsel, and I also went over the material carefully with a number of the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119636

officers concerned. I should mention that, knowing the importance that might be attached to the findings, I asked the President of the Great Northern Railway, if he could have someone who had had experience in calculating the possible savings from the consolidation of the Great Northern and Northern Pacific come to Montreal and examine the work of our Committee. He kindly allowed Mr. V. P. Turnburke, General Auditor of the Great Northern, to do so. The latter who had had extensive engineering accounting experience, spent some time examining the Committee's work, made some criticisms and certain suggestions, and later reported to me that he was satisfied that the Committee had proceeded upon conservative lines and that from his experience he would not hesitate to accept the conclusions reached."

Exemplifying the method expounded by Sir Edward Beatty, a number of principal officers and engineers of the Canadian Pacific, divided into seventeen committees, demonstrated, under the several headings in use in railway accounting, the retrenchment in expenditure estimated to result from unification of the two systems. Most of these headings were divided into sections and even into further sub-sections in order, in each case, to build up from the ground, on the one hand, such particular section or sub-section as a part of the two systems when consolidated and, on the other hand, to gather and appraise the savings resulting from this operation. It cannot be gainsaid that the body of evidence made up by this process was thorough and impressive.

(8)

It supported, and save for minor items hereinafter referred to, justified savings to an amount of $75,300,000 for the traffic level of 1930, as established in the Canadian Pacific estimate submitted to the Royal Commission in 1932.

In view of the inquiries made by various members of the Committee, the Canadian Pacific undertook, since the original hearing, the preparation of an estimate on the basis of 1937 traffic level, and this showed savings of $56,346,000 without any line abandonments, and savings of $59,361,000 with allowance for such line abandonments as it was reasonable to assume the Board of Transport Commissioners would authorize under present conditions. This reduction was qualified by the statement that savings would fluctuate with traffic and, therefore, revert to $75,300,000 should traffic again reach the level of 1930.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119637



The submission of the Canadian Pacific witnesses was necessarily of a technical nature. The same could be said, though in less degree, of the evidence in opposition submitted by the officers of the Canadian National.

To demonstrate the very special character of the argument made on both sides, it is sufficient to refer to the method used, not exclusively but in the main, to establish savings from unification.

This method required the ascertainment of reduction in train and car mileage obtainable without detriment to public service from the consolidation of lightly loaded trains--a consolidation which manifestly unified management could bring about--and from the use of the shortest and most economical routes both for passenger and freight. The result, according to the evidence, was a saving of 6,909,939 passenger train miles or 14.3% and 8,897,000 freight train miles, or 15.4%. These percentage reductions and others similarly calculated were used to measure the realizable economy in the different departments where such percentages could properly be applied.

In other cases economy was calculated directly by estimating what reduction would be possible by the consolidation of departments. The train and car mileage formula was used to prove over $50,000,000 out of the $75,373,000 of savings claimed as realizable. Other technical methods were applied either exclusively or jointly with decrease in train mileage to establish the balance of the economy so claimed.

All these calculations were based on the figures of 1930.

The Canadian National officers opposed the above formula and its results by denying that the stated reduction in train mileage is exact, and further by asserting that Canadian Pacific unit costs are not applicable to the Canadian National as the lines of the two railways are not comparable. Evidence was submitted by the Canadian Pacific to show that Canadian Pacific unit costs had not been applied to Canadian National operations but, where used, had been adopted as the measure of cost possible of achievement by the unified system. The Canadian National

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.T. 9638

officers further contended that the Canadian Pacific calculations took no account of the substantial reduction in expenditures of the former system from 1930 to 1937. The Canadian Pacific admitted that permanent savings made in recent years justified a deduction of $4,801,000 from the original estimate, but they showed that additions of $9,056,000 were justified by other known items of change. In addition, the evidence showed that by their very nature the temporary savings made independently by the railways were entirely different to the permanent economies which would be possible under unified management through the elimination of duplicate effort. The revised Canadian Pacific estimate to which reference has been made, having been computed on the basis of 1937 level of traffic, completely disposes, if it is reasonably accurate, of the contention that large economies are no longer available because of individual economies effected by the railways, either on account of reduction in traffic, or otherwise.

From 1930 to 1937, gross revenues of both railways fell 21.6%. Combined expenditures of both railways between the same years was reduced by 20.7%.

Mr. Fairweather seems to be the only Canadian National witness who has surveyed the whole question. The gist of his evidence was that large savings from the unification of railways were impossible of realization as the public and employees would not tolerate consequent reduction of the services and the creation of a monopoly. When confronted with many items of savings to which these objections did not appear to pertain, even remotely, he gave the impression of unwillingness to consider any savings to which his objections did not apply. This general affirmation was supported also in general terms by Mr. Hungerford, the Canadian National President.

Throughout the testimony of these officers there was a pervading strain of concern for the popularity of the Canadian National Railway and management. This is not an unnatural characteristic, having regard to the atmosphere in which inevitably officers who are answerable only to a Government must live. It cannot, however, be too strongly emphasized that such attitude of mind leads irresistibly to redundant and extravagant services and the sacrifice of the taxpayer.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119639



In connection with Mr. Fairweather's evidence in particular, there must be kept in mind the report made by him and submitted to the Royal Commission of 1932. This report embodied the conclusion that there was a possible saving of $56,230,000 from unification on the traffic level of 1930, and $50,090,000 for 1931, which latter year approximated closely the traffic conditions of 1937. Further, this report was made at the request of the late Sir Henry Thornton and submitted in train conference to the Royal Commission. It is important also to note that it was prepared prior to the constitution of that Royal Commission, and before the Canadian Pacific, at the request of the Commission, began work on its estimate. For the preparation of the above report Mr. Fairweather had the collaboration of seven technical assistants and access to any information he desired from the Canadian Pacific.

Mr. Fairweather's estimate is elaborate and comprises an explanatory memo of 12 pages and schedules of 39 pages. Although prepared by a totally different method, it appears to corroborate generally Sir Edward Beatty's contention as shown by the following comparison of the two estimates under their main headings:

Estimates by Canadian National and Canadian Pacific respectively of possible savings through unification, based on the level of traffic for 1930.

| | C. N. R. | C. P. R. |
|---|---|---|
| Increased railway operating revenues: | $6,540,000 | 1,396,000 |
| Traffic solicitation & advertising... | 6,950,000 | 5,976,000 |
| Transportation & Misc. operations | 20,047,000 | 24,954,000 |
| Maintenance of Way & Structures | 3,423,000 | 14,889,000 |
| Maintenance of Equipment | 7,797,000 | 14,360,000 |
| General | 1,573,000 | 4,289,000 |
| Lake and coastal steamers | 500,000 | 450,000 |
| Hotels | 4,500,000 | ---------- |
| Express operations | 600,000 | 1,450,000 |
| Telegraphs (railway & Commercial | 700,000 | 948,000 |
| Interest on released investment in material & rolling stock | 3,000,000 | 6,350,000 |
| Miscellaneous | 600,000 | 311,000 |
| Grand Total | $56,230,000 | $75,373,000 |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19640

Details show items in each estimate that are not in the other, which indicates that a combination of both estimates might well produce potential fields of economy greater than the total of either.

Mr. Fairweather also gave evidence as to possible savings under co-operation. In this his opinion appeared to undergo very considerable variations as he first appraised savings under this head at $35,000,000, then at $24,000,000, subsequently again at $10,000,000, and finally ~~admitted~~ stated that such estimates were but guesses on his part. It is difficult to appraise the value of evidence so submitted.

This very brief analysis of the evidence suffices to reveal its technical character. While the undersigned feel, as probably other members of your Committee feel, that after many months of close study of this situation, and after having had the advantage of hearing scores of witnesses on every phase of the subject and of questioning such witnesses, they have been able to reach a dependable conclusion on the merits of the conflicting contentions advanced, respectively, by officers of the two Railway Companies, they are also of the opinion that not being possessed, themselves, of special expert knowledge on these subjects, the public would be better served if it could be supplied with the findings of an impartial tribunal of experts, qualified by training and experience to report on the evidence submitted.

Accordingly, a motion was made before your Committee on 2nd May in the following terms:

"

This motion, we regret to say, was defeated.

The undersigned are of opinion that such investigation would not need entail very great expense, because, first, the evidence is already submitted, and, secondly, investigation on the premises will only be necessary in rare cases, because facts, maps, plans and other

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119641

necessary data are already available and can be made open to inspection at the offices of the respective Companies. The undersigned further are of opinion that only by means of such report can the full value of the vast mass of information, which your Committee has accumulated, be obtained and utilized by the Canadian people. The undersigned consider it a matter of much significance that on this question which should have been dealt with as a pure question of savings to the people of Canada in the operation of the Nation's Railways, in which question necessarily the provision of essential services would be a part, there should be found two distinctly opposite sets of opinion among Railway officials, and that one set should be entirely confined to the Canadian Pacific and the other set entirely confined to the Canadian National. The question considered as above defined, is, or should be, essentially one and the same question for both Systems. The only conclusion is that considerations other than those included in the above definition must have intervened.

At this point of view the undersigned further beg to emphasize the overwhelming necessity, from the standpoint of the whole country, from the standpoint of its credit and solvency, and for the good of every class and every community of the Dominion, that some solution definite and effective must be found, and found without further delay.

CONCLUSIONS:

We were utterly unable to find any hope whatever of relief from any other source than that hereinafter indicated in this report.

We further are of opinion that if, contrary to the evidence, effective relief can possibly emerge out of any other of the suggested policies, such policies applied to the extent absolutely essential to bring such measure of relief will be open to whatever objections, if any, can be offered to the course hereinafter indicated.

We are impressed by the following facts:

(1) That huge competing businesses struggling for a living in the same field can in general, and probably always, effect tremendous economies by unified operations.

(2) That such unified operations as have already in a very minor way been put in effect in respect of our Railways, as, for example, the pool trains, have already shown an operating saving of 33%, though such pool trains still carry the waste of duplication in terminals, yards, etc.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19642



(3) That assuming the public interest can be protected and essential services maintained, there would seem to be strikingly important opportunities for saving by unified management in respect of two such Systems as the Canadian Pacific and the Canadian National. To ensure the full conservation of every essential public interest and public service, and to safeguard the interests of Canada, the undersigned recommend insistence on the conditions enumerated below in respect of any system of unified management which may be worked out. The undermentioned conditions are not advanced with any thought that they are all-inclusive. We believe, however, that conditions in Canada, both as affecting the Dominion ~~xxxxxxxxx~~ on the one hand, and as affecting the Canadian Pacific Railway Company on the other, are such that all necessary and reasonable stipulations and conditions can be arrived at and agreed upon. Provisions to the following effect should be secured:

i. There should be no obligation, legal or moral, implied or expressed, whereby the country assumes any liability in respect of Canadian Pacific obligations or securities, either as to capital or interest;

ii. Out of earnings up to the average aggregate earnings of both Systems over a period of five, ten or fifteen years as may be agreed upon, the Canadian National must be assured the same share of such earnings as it has enjoyed of such average earnings.

iii. Out of earnings above such average earnings, which presumably will be earnings due to economies effected by unified management, the Canadian National should receive not less than one-half.

iv. New capital investments, limited as they will be to joint requirements, should be provided for on a basis of definite and individual responsibility for the capital on the part of the Canadian National (or of the Dominion of Canada), on the one hand, and of the Canadian Pacific Railway Company on the other hand. respective shares of

v. Both parties should agree to such enlargement of the powers of the Board of Transport Commissioners as may be deemed necessary to serve every public interest.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C.T.9643



vi. In view of the very extensive economies to be attained, and to the end that the process may not involve undue hardship on anyone, provision should be made for the due protection, by both Systems, of labour adversely affected by such economies, along the lines lately followed by the Railways of Great Britain.

vii. Agreement to all provisions should be obtained from each separate class of security holders of the Canadian Pacific and of the Canadian National, insofar as such latter security holders are not already protected by Government guarantee.

The undersigned being of opinion that this country can look only to a system of unified management for relief, and being further of opinion that the evidence demonstrates that relief can be obtained under such a system, and that same can be done with ample and complete protection of all public interests, recommends as follows:

I. That because of the need of bringing public opinion in Canada to a better understanding of all facts and arguments bearing on this problem and to a better appreciation of the true meaning and implications thereof, and of the solution suggested, the Government be urged to submit the evidence to a Board of technical experts, as suggested in the Resolution quoted in this report.

II. That if the Government is not so disposed, steps should be taken at once to negotiate an agreement looking to the unified management of the two Railway Systems of Canada, and to provide in such agreement and in the legislation to give effect to same, complete and effective protection of all public interests.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Calder P.C. 1936/44 1939 (1)

Secret

REPORT MADE BY THE FOLLOWING MEMBERS OF THE SPECIAL RAILWAY COMMITTEE OF THE SENATE SELECTED TO COMPLETE THE INQUIRY AND SUBMIT A REPORT UPON THE BEST MEANS OF RELIEVING THE COUNTRY FROM ITS EXTREMELY SERIOUS RAILWAY CONDITION, AND THE FINANCIAL BURDEN CONSEQUENT THERETO.

---

It is deeply regretted that an unanimous report was found impossible of attainment, as in a matter of such grave importance, at the present juncture, the added weight of unanimity in the Committee would have been ~~of inestimable value.~~ of very great value not only to Parliament but as well to all our people who are now so heavily burdened with taxation.

## Canadian National Capitalization and Deficits

The Canadian National constitutes for the nation its most obdurate and perilous domestic problem. The outlay of Canada to December 31, 1938, on its publicly-owned railway system, including interest, has been in excess of $3,300,000,000, of which ~~so large~~ the greater part has been brought about by recurring yearly deficits assumed and loans made by the Canadian Government to the Canadian National.

The cash deficit in 1938, substantially greater than in 1937, as shown in the Canadian National Railways Annual Report for 1938, is $54,314,195. This deficit does not include capital losses of $2,712,877 charged against Proprietor's Equity under the Canadian National Capital Revision Act of 1937, nor does it include interest on $672,688,000, the principal amount of such Proprietor's Equity. The aggregate contributions of the Government to the System as at March 31, 1938, written off to Consolidated Fund, has amounted to $838,000,000. (See Public Accounts, 1938, Appendix 28). In addition, the aggregate of interest to December 31, 1936, on Government loans to the System accrued and unpaid, which was transferred to the Canadian National Securities Trust, under the Act referred to, has amounted to $574,781,000.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The above large sums already written off represent in reality assumption by the Dominion of Canada of a very considerable total of capital which went into our railways, and entail as well a substantial addition to the National Debt. No criticism of such writing-off is implied in this report. The results, however, after the writing-off, speak for themselves.

It is evident that the railway problem cannot continue to drift as it has done in the past, without more hardship to the taxpayer and great and imminent danger to the credit of Canada. *

In view of the marked increase in Government expenditure and taxation within the last years, of our constantly growing requirements, more particularly for national defence, for the relief of large sections of the community, for rapidly expanding social legislation, and the corresponding greater necessity of husbanding the resources of the country, we are moved to quote anew the solemn admonition given to the nation by the Duff Royal Commission of 1932. It is far more justified today than it was seven years ago:

> "We feel compelled, as a matter of public duty, to strike a serious note of warning to the people of Canada. Unless the country is prepared to adopt the plan we have proposed, or some other equally effective measures, to secure the efficient and economical working of both railway systems and thereby not only reduce the burden on the federal treasury but improve the financial position of the privately-owned railway, then the only courses that would be left would be either to effect savings in national expenditure in other directions or to add still further to the burdens under which the industries of the country are suffering by the imposition of yet further taxation. Failing the adoption of one or other of these courses, and there are obvious limits to their application, the very stability of the nation's finances and the financial credit of the Canadian Pacific Railway will be threatened, with serious consequences to the people of Canada and to those who have invested their savings in that railway."

* as indicated above the Canadian National deficit for the year 1938 approximates $55.000.000 and as our total population is roughly estimated at 11.000.000 there must be taken on an average, to meet this deficit, from every man, woman & child in Canada the sum of five dollars by means of direct or indirect taxation.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19646



**Reasons for Inaction**

It is contended that the expenditure of the Canadian National, even if excessive, provides for the subsistence of a portion of the population which, otherwise, might be under relief. Obviously, this is fallacious as nothing guarantees that such excess in expenditure goes to those otherwise in need of it and, above all, as such policy, if accepted, would lead to unrestrained wastage in all Government departments. The complacent state of mind of ~~(certain Canadian National officials)~~ many witnesses including some officials who seem anxious to see the country resign itself to unbearable ~~(and unpayable)~~ deficits is deplorable. To this end it was represented that ~~(the Canadian National)~~ these deficits were but an apparent loss to the country as ~~(that Company~~ the Canadian National provided for the nation an equal value in services which were essential to its present well-being and future development. Such a contention is utterly inadmissible, as like adequate services can be, and in fact are, rendered by ~~the Canadian Pacific Railway~~ the other railway system in Canada and by similar companies in other countries at no cost to the nation.

Witnesses appearing before the Committee outlined solutions of the problem, in which there was implied no abandonment of essential services, but all were designed to reduce or eliminate unnecessary duplication and redundancy of services.

It is obvious that relief can be obtained otherwise only by a very large increase in revenues, which appears to be definitely unattainable either through increases in rates or through any conceivable growth of traffic.

**Remedies Suggested.**

Three different methods were proposed to the Committee for securing economies to reduce the burden of Canadian National deficits.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19647

Voluntary co-operation

A more effective application of the co-operative provisions of the Canadian National-Canadian Pacific Act, 1933, was recommended.

This suggestion is far from being ~~(not very)~~ promising. Since the coming into force of the above law in 1933, the total savings from arrangements now in effect, and others agreed upon by the railways but not yet in effect, will be less than $2,000,000 per annum.

Five years of trial has, it must be admitted, demonstrated that economies to be effected through voluntary co-operation are of a very minor order. Further, the evidence submitted on behalf of the officials of both Railways made it abundantly clear that hope for the future in this regard is practically negligible. The absence of singleness of interest in the result to be obtained by economies, the continuous and not unnatural jealousies of officials as to the prestige of and immediate consequences to their respective properties, make the securing of what they describe as a balance of burden and advantage the subject of a long drawn-out and almost always futile struggle. In this respect any contention that the larger measure of responsibility for this futility rests on either one of the two Companies more than on the other cannot certainly be supported by the evidence.

Enforced co-operation

A second recommendation, made by the President of the Canadian National, provides for the injection into negotiations between the Railways of a new body consisting of a representative of each of the Railways, and a chairman appointed by the Government, the chairman to have an over-riding vote. This body would have authority to initiate studies of any project suggested by any individual member, and, if a favourable report was made by a majority, or by the chairman alone, the proposal would automatically go before an Arbitral Tribunal for final decision.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119648

It was argued that this would relieve the Railway Companies of the stigma which would attach to agreement to undertake unpopular economies. As to the latter point, it would be most unwise to depend on the Government voluntarily submitting to public odium - as the result of the action of its representative - a public odium which railway officials themselves admit they have recoiled from incurring. Experience proves that no Government will incur odium knowingly. The suggestion appears to be useless.

It might be pointed out as well that there would seem to be a dangerous responsibility assumed in establishing, as the effective agent of enforced changes in operation, a Board on which two members would, as between the two Railway Systems, be representative of one, and only one representative of the other. It is important to avoid with the utmost care any enforced action which might be the ground of liability to the country later on.

It seems to us the sooner the people of Canada accept the conclusion that co-operation of two competing systems cannot be effective in any worthwhile way in bringing about the absolutely needed economies, the better it will be for the establishment of a real remedy and for the solvency of our country. In this connection it must never be forgotten that the Railways are in a death struggle for a living, and while that struggle continues, each will fight for itself. The consequence of this mutual destructiveness falls on the taxpayers of Canada. It was very strongly urged before your Committee that such mutual destructiveness can only end when the officers and employees of both systems are working for the same purpose.

Unification of Management.

The third suggestion made was unified operation by a single management of the Canadian National and the Canadian Pacific, each company continuing to own its respective properties and no guarantee being given to the Canadian Pacific of a return on its stock or on its bonds or other capital issues. Each company would continue to receive, under unified operation, the net earnings which past actual results over an agreed period of

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119649



years indicate that each would have received as an independent institution and additional net earnings made available by the economies of unified operation would be shared between them on an equitable basis. It was intimated that of these additional net earnings the Canadian National should receive at least half. The suggestion was that unified operation would be under the control of a Board to be created by Parliament and to be composed of fifteen directors, five of which would be selected by the Government or by the Canadian National, five by the Canadian Pacific, and the remaining five by the directors already chosen, or by some other appropriate method.

This proposal was met at the outset by two objections:

Firstly:- It was contended that such unified management would create a huge and possibly an oppressive monopoly.

To this objection the following arguments taken from the evidence apply:

(1) For many years very large sections of the Dominion (not served by both Railways) have lived under the monopoly, if such it be called, of either the Canadian National or the Canadian Pacific, and have done so without any perceptible disadvantage;

(2) The Railways have long ago been stripped of all powers which might render any monopolistic feature injurious to the public interest. The Transport Board (Commissioners) holds by Statute supreme authority over them and controls all abandonment of lines, withdrawals or reductions of services, as well as of increases or decreases of rates and fares.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119650

(3) The development of transportation by means of motor cars, busses and trucks (public and private) and by air traffic, have created conditions where even under unified railway operation there would be very effective competition anyway, and competition quite difficult to cope with. ~~In this connection water competition~~ ~~has always been a factor, but it has never~~ ~~been~~ ~~so great as it is at present.~~

(4) The modern world exists under a great number of monopolies imposed by the free will of the people for the essential purpose of suppressing excessive charges and wastage due to duplication. This is strikingly exemplified in transportation, telephone, water, gas, electricity and other urban services, and in some countries, of railways.

Secondly:- The other objection is based on the apprehension that there would be created a large mass of population, whose united influence might dominate the political life of Canada. To this the answer seems to be that if the interest coalescing the railway employees is an occupational or a professional one, it exists already. No more striking evidence of this can be imagined than the opposition to unified management, voiced by the railway employees of both Systems through their unions.

If the interest creating the coalition be a political one, then conditions now are just as favourable for its success as they could be under unified management. Indeed, there are many who believe that such political power is now exercised. Without any doubt at all, pressure is exerted, through their unions, by the mass of employees of both railways, on political parties.

This continuous, concerted pressure is mainly directed to the protection of a fortunate section among all the labouring classes of the country.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

This influence is in fact one of the chief obstacles to the settlement of our railway problem. It can only be removed by placing the administration of the Canadian National definitely and finally above political interference and in the hands of capable, strong and throughly independent men, whose tenure of office could be attacked only for cause. This could be accomplished by placing our railways under the direction of a properly selected board, whose only object could be the successful operation of a united system.

Any reasonable cause which railway workers might have had to oppose unified management has been eliminated by the proffer of provisions protecting them, in the manner effected in Great Britain, against loss by dismissal, demotion or transfer. It must be remembered that not less than five or seven years will be essential to attain, step by step, the full results of unification. Normal attrition, which accrues through death, pension age, or resignation, would remove men from employment faster in the aggregate than is required for unification, and those who suffer in special cases--for some would so suffer--can be assuredly compensated. These guarantees which have been definitely offered are measures of protection hitherto unknown to the working classes of any industry in the country, and corresponding protection is certainly not enjoyed by any other class.

It was not unreasonable to expect that railway workers would have been reassured by the definite statement to the above effect made on behalf of the Canadian Pacific--which, undoubtedly, would be acceptable to the Government if an arrangement were entered into--and would have withdrawn their opposition to a unified scheme of management. This is especially true because the scheme of compensation would be, and should be, the subject

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119652

of an agreement in which the wishes of the employees would be fully represented, and the rights under such agreement would become Statutory.

The object sought to be attained is the avoidance of financial disaster to our country, in which disaster every class would suffer, and the poorer classes even more than others. It is not, therefore, unjust to ask that all co-operate in a fair spirit to such an end.

Persistence in their present attitude simply means that they insist that the taxpayers of Canada, for all time, shall carry the burden of many thousands of positions which are not required.

(a)

In this connection, it is important to keep in mind that the Railway business of the Dominion, as indeed of all countries, has been steadily diminishing in volume as compared with business as a whole. The evidence before your Committee led irresistibly to the conclusion that this tendency may be expected to continue.

Mr. Hungerford, President of the Canadian National Railways, submitted in his evidence that the efforts to operate the property on economical lines were circumscribed by what he defined as considerations of "public interest"; that what constitutes "public interest" was really determined by the Government of the day and that if the Canadian National were not a Government enterprise it certainly could not be carried on its present footing.

It may be reasonably inferred, as was indicated by the late Sir Henry Thornton in his evidence before the Royal Commission, that the policy of the Government, whatever might be the efforts of the Canadian National Management to operate on sound business lines, is unhappily reflected in the administration of the railway in increases or reductions in personnel, in the carrying out of contracts for works, purchases, etc., which fact largely accounts for the Canadian National spending on operating costs alone last year 96.67¢ for every dollar earned by it, whereas the Canadian Pacific spent 82.29¢ to earn the same amount.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119653

As a glaring instance of political influence on the policies of the Canadian National, we may cite the fact that the completion of the Montreal Terminal was definitely promised on the hustings by Ministers of the Crown, months before the Directors made their recommendation to proceed with the work.

It is submitted that joint managership, by elimination of this and other forms of political interference, and by gradually removing duplications and utterly unnecessary costs in many spheres, might well overcome the major cause of past recurring deficits.

Savings from unification.

Sir Edward Beatty, President of the Canadian Pacific Railway Company, claimed that through the unified management of both railways, savings to the amount of $75,300,000 per annum could be effected under average traffic conditions, which he stated are those of the year 1930. This claim was supported in the greatest detail by a long line of officers of that Company. These officers and Sir Edward himself were questioned at length by members of your Committee. Figures and supporting evidence for lesser, but still huge, savings were given, applicable to years of diminished traffic.

As to the method followed to establish such savings, it seems preferable to quote Sir Edward himself:

> "Your Committee, however, may desire some account of the basis and methods used for this calculation, and without being too technical, I shall endeavour to explain the origin of the figures. Estimates of savings were submitted by both the Canadian Pacific and Canadian National Railways as the result of requests to them of the Royal Commission. Three estimates were made - $75,300,000 by the Canadian Pacific, based on 1930; $50,340,000 by the Canadian National, based on 1931--practically the level of traffic in 1937; and $56,440,000 by the Canadian National on a year of normal traffic, which was taken as 30 per cent above 1931, or practically the level of traffic in 1930.
>
> I should like to explain to your Committee the precise procedure followed in making the estimate offered by the Canadian Pacific Railway.
>
> When the Royal Commission requested that the Canadian Pacific exhibit in money its estimate of the amount of railway duplication, I arranged for a committee of our officers from the operating,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

engineering, traffic, mechanical and accounting departments to convene and to prepare an answer to the Commission's request.

They surveyed the existing supervisory organizations of the two railways as independent units, and the probable organization of a railway as unified; the location and function of the various lines of railway; the passenger and freight train services; and the terminal and shop facilities. Each phase was assigned to officers qualified to deal with it. When information covering a special problem was not available, the senior officer in the territory affected was consulted. In other words, the resources of the entire organization were used by the Committee in its work. The committee understood they were not trying to determine the maximum limit of savings, but only what could reasonably be expected under normal conditions.

In addition to savings resulting from unification of actual operations, there are other advantages. Account must be taken also of the savings in future capital expenditures. In providing for the normal growth of traffic and changes in its character, the extension of one plant would obviously cost less than the extension of two. This consideration would apply throughout the entire scheme of additions and betterments necessary to adapt the system from time to time to the use of new machinery and methods. I regard this as a most important element in unification, and one involving a very large item of saving.

As has already been pointed out, our estimate was offered with two prepared by the Canadian National Railways. One of those was a figure of $56,440,000 based on a year in which traffic would be 30 per cent above the volume of 1931. This is a little over the level of traffic in 1930, and it is, therefore, reasonable to compare theCanadian Pacific figure of $75,300,000 with the Canadian National estimate of $56,440,000.

Close examination of the two estimates shows that both included economies from reduction in general overhead expenses, traffic solicitation, advertising and regional supervision; from line abandonments; from re-routing of traffic; from increased car and train loading; from consolidation of repair work; from readjustment of passenger train services; from operating joint freight and passenger terminals; from consolidating express - and telegraph services; from reduction in accounting, and other expenses. Individual items appear in each estimate which are not in the other, but, considering that two quite different methods were followed in compiling the estimates the close similarity in result is unquestionable proof that, at the time of the Royal Commission, responsible officers of both companies were in general agreement that the savings to be had were substantial."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119655

And Sir Edward adds:

"When the preliminary results of the various studies were ready, a draft report was prepared and considered by Mr. Grant Hall, Vice-President, Mr. Coleman, Vice-President, Western Lines, Mr. Curle, General Counsel, and Mr. E. E. Lloyd, Comptrollider. The Committee were questioned in detail upon their conclusions, corrected, when necessary, and instructed to continue their studies along the lines which had been followed and to prepare the necessary exhibits for filing with the Commission. Upon the completion of the final draft, it was again reviewed in detail by Messrs. Hall, Coleman, Curle and Lloyd. Mr. W. N. Tilley, Consulting Counsel, and I also went over the material carefully with a number of the officers concerned. I should mention that, knowing the importance that might be attached to the findings, I asked the President of the Great Northern Railway if he could have someone who had had experience in calculating the possible savings from the consolidation of the Great Northern and Northern Pacific come to Montreal and examine the work of our Committee. He kindly allowed Mr. V. P. Turnburke, General Auditor of the Great Northern, to do so. The latter who had had extensive engineering accounting experience, spent some time examining the Committee's work, made some criticisms and certain suggestions, and later reported to me that he was satisfied that the Committee had proceeded upon conservative lines and that from his experience he would not hesitate to accept the conclusions reached."

Exemplifying the method expounded by Sir Edward Beatty, a number of principal officers and engineers of the Canadian Pacific, divided into seventeen committees, demonstrated, under the several headings in use in railway accounting, the retrenchment in expenditure estimated to result from unification of the two systems. Most of these headings were divided into sections and even into further sub-sections in order, in each case, to build up from the ground, on the one hand, such particular section or sub-section as a part of the two systems when consolidated and, on the other hand, to gather and appraise the savings resulting from this operation. It cannot be gainsaid that the body of evidence made up by this process was thorough and impressive.

There is one feature of these savings which should be especially emphasized. Efforts have been made to give the public the impression that savings can only be

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119656

effected, or can at least mainly be effected, by abandonment of lines. The evidence very clearly demonstrated that savings by abandonment of lines did not amount to more than 10% of the total savings that are realizable. Even this 10% of savings, which might be described as attributable to abandonment, included such almost unused short lines as to the abandonment of which no railway made objection. There appeared no intention, on the part of any of those who gave testimony, of abandoning any lines save such as would, after argument from all interested, be deemed by the Transport Commission of Canada as proper to be abandoned without sacrifice of public interest.

It supported, and, save for minor items hereinafter referred to, justified savings to an amount of $75,300,000 for the traffic level of 1930, as established in the Canadian Pacific estimate submitted to the Royal Commission in 1932.

In view of the inquiries made by various members of the Committee, the Canadian Pacific undertook, since the original hearing, the preparation of an estimate on the basis of 1937 traffic level, and this showed savings of $56,346,000 without any line abandonments whatever, and savings of $59,361,000 with allowance for such line abandonments as it was reasonable to assume the Board of Transport Commissioners would authorize under present conditions. This reduction was qualified by the statement that savings would fluctuate with traffic and, therefore, revert to $75,300,000 should traffic again reach the level of 1930.

The submission of the Canadian Pacific witnesses was necessarily of a technical nature. The same could be said, though in less degree, of the evidence in opposition submitted by the officers of the Canadian National.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119657

To demonstrate the very special character of the argument made on both sides, it is sufficient to refer to the method used, not exclusively but in the main, to establish savings from unification.

This method required the ascertainment of reduction in train and car mileage obtainable without detriment to public service from the consolidation of lightly loaded trains--a consolidation which manifestly unified management could bring about--and from the use of the shortest and most economical routes both for passenger and freight. The result, according to the evidence, was a saving of 6,909,939 passenger train miles or 14.3% and 8,897,000 freight train miles, or 15.4%. These percentage reductions and others similarly calculated were used to measure the realizable economy in the different departments where such percentages could properly be applied.

In other cases economy was calculated directly by estimating what reduction would be possible by the consolidation of departments. The train and car mileage formula was used to prove over $50,000,000 out of the $75,373,000 of savings claimed as realizable. Other technical methods were applied either exclusively or jointly with decrease in train mileage to establish the balance of the economy so claimed.

All these calculations were based on the figures of 1930.

The Canadian National officers opposed the above formula and its results by denying that the stated reduction in train mileage is exact, and further by asserting that Canadian Pacific unit costs are not applicable to the Canadian National as the lines of the two railways are not comparable. Evidence was submitted by the Canadian Pacific to show that Canadian Pacific unit costs had not been applied to Canadian National operations, but, where used, had been adopted as the measure of cost possible of achievement by the unified system.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119658

The Canadian National officers further contended that the Canadian Pacific calculations took no account of the substantial reduction in expenditures of the former system from 1930 to 1937. The Canadian Pacific admitted that permanent savings made in recent years justified a deduction of $4,801,000 from the original estimate, but they showed that additions of $9,056,000 were justified by other known items of change. In addition, the evidence showed that by their very nature the temporary savings made independently by the railways were entirely different from the permanent economies which would be possible under unified management through the elimination of duplicate effort. The revised Canadian Pacific estimate to which reference has been made, having been computed on the basis of 1937 level of traffic, completely disposes, if it is reasonably accurate, of the contention that large economies are no longer available because of individual economies effected by the railways, either on account of reduction in traffic, or otherwise.

From 1930 to 1937, gross revenues of both railways fell 21.6%. Combined expenditures of both railways between the same years was reduced by 20.7%.

Mr. Fairweather seems to be the only Canadian National witness who has surveyed the whole question. The gist of his evidence was that large savings from the unification of railways were impossible of realization as the public and employees would not tolerate consequent reduction of the services and the creation of a monopoly. When confronted with many items of savings to which these objections did not appear to pertain, even remotely, he gave the impression of unwillingness to consider any savings to which his objections did not apply. This general affirmation was supported also in general terms by Mr. Hungerford, the Canadian National President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119659

Throughout the testimony of these officers there was a pervading strain of concern for the popularity of the Canadian National Railway and management. This is not an unnatural characteristic, having regard to the atmosphere in which inevitably officers who are answerable only to a Government must live. It cannot, however, be too strongly emphasized that such attitude of mind leads irresistibly to redundant and extravagant services and the sacrifice of the taxpayer.

In connection with Mr. Fairweather's evidence in particular, there must be kept in mind the report made by him and submitted to the Royal Commission of 1932. This report embodied the conclusion that there was a possible saving of $56,230,000 from unification on the traffic level of 1930, and $50,090,000 for 1931, which latter year approximated closely the traffic conditions of 1937. Further, this report was made at the request of the late Sir Henry Thornton and submitted in train conference to the Royal Commission. It is important also to note that it was prepared prior to the constitution of that Royal Commission, and before the Canadian Pacific, at the request of the Commission, began work on its estimate. For the preparation of the above report Mr. Fairweather had the collaboration of seven technical assistants and access to any information he desired from the Canadian Pacific.

Mr. Fairweather's original estimate is elaborate and comprises an explanatory memo of 12 pages and schedules of 39 pages. Although prepared by a totally different method, it appears to corroborate generally Sir Edward Beatty's contention as shown by the following comparison of the two estimates under their main headings:

* The estimates of possible savings from unification - in round figures fifty six million and fifty million respectively - made by Mr Fairweather in 1932 when compared with the statement made by Mr Hungerford before your Committee in 1939 that such savings could not exceed ? raise a very serious doubt as to the accuracy or reliability of the latter estimate.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119660

could be supplied with the findings of an impartial tribunal of experts, qualified by training and experience to report on the evidence submitted. Accordingly, a motion was made before your Committee on May 2, 1939, in the following terms:

> "~~Moved by the Right Honourable Arthur Meighen~~ that the evidence before this Committee be submitted to a firm of Railway Engineers and Accountants of high standing, free from all interest in either Railway System, to the end that such firm may study said evidence, and especially its practical Railway engineering and accounting features, and make such physical examinations as it may deem necessary with a view to making full report to this Committee as to what in the judgment of such firm would be the amount of savings which could be effected by a system of unified management, and whether and to what extent, if any, such savings would entail impairment of service to the Canadian people."

This motion, we regret to say, was defeated.

The undersigned are of opinion that such investigation need not have entailed very great expense, because, first, the evidence is already submitted, and, secondly, investigation on the premises would only be necessary in rare cases, because facts, maps, plans and other necessary data are already available and can be made open to inspection at the offices of the respective Companies. The undersigned further are of opinion that only by means of such report could the full value of the vast mass of information, which your Committee has accumulated, be obtained and utilized by the Canadian people.

The undersigned consider it a matter of much significance that on this question which should have been dealt with as a pure question of savings to the people of Canada in the operation of the nation's Railways, in which question necessarily the provision of essential services would be a part, there should be found two distinctly opposite sets of opinion among railway officials, and that one set should be entirely confined to the Canadian Pacific and the other set entirely confined to the Canadian National. The question considered as above defined is, or should be, essentially one and the same for both Systems. The only conclusion is that considerations other than those included in the above definition must have intervened.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

At this point again the undersigned further beg to emphasize the overwhelming necessity, from the standpoint of the whole country, from the standpoint of its credit and solvency, and for the good of every class and every community of the Dominion, that some solution definite and effective must be found, and found without further ~~undue~~ unavoidable delay.

(a) Conclusions

The undersigned ~~We~~ were utterly unable to find in the Evidence any hope whatever of relief from any other source than that hereinafter indicated in this report.

We further are of opinion that if, contrary to the evidence, effective relief can possibly emerge out of any other of the suggested policies, such policies applied to the extent absolutely essential to bring such measure of relief will be open to whatever objections, if any, can be offered to the course hereinafter indicated.

We are impressed by the following ~~facts~~ considerations:

(1) That huge competing businesses struggling for a living in the same field can in general, and probably always, effect tremendous economies by unified operations.

(2) That such unified operations as have already in a very minor way been put in effect in respect of our railways, as, for example, the pool trains, have already shown an operating saving of 33%, though such pool trains still carry the waste of duplication in terminals, yards, etc.

have already had large percentage reductions. In the case there been

(3) That assuming the public interest can be protected and essential services maintained, there would seem to be strikingly important opportunities for saving by some plan of unified management in respect of two such Systems as now exist in Canada ~~the Canadian Pacific and the Canadian National.~~ To ensure the full conservation of every essential public interest and public service, and to safeguard the interests of Canada, the undersigned recommend insistence on the conditions ~~x~~ enumerated below in respect of any system of unified management which may be worked out. The undermentioned ~~conditions~~ stipulations are not advanced with any thought that they are all-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

 119662

inclusive. We believe, however, that conditions in Canada, both as affecting the Dominion on the one hand, and as affecting the Canadian Pacific Railway Company on the other, are such that all necessary and reasonable ~~stipulations and conditions~~ provisions can be arrived at and agreed upon. ~~Provision to the following effect~~ The following objectives should be secured:

i. There should be no obligation, legal or moral, implied or expressed, whereby the country assumes any liability in respect of Canadian Pacific obligations or securities, either as to capital or interest;

ii. Out of earnings up to the average aggregate earnings of both Systems over a period of (five, ten or fifteen) years as may be agreed upon, the Canadian National must be assured the same share of such earnings as it has enjoyed of such average earnings.

iii. Out of earnings above such average earnings, which presumably will be earnings due to economies effected by unified management, the Canadian National should receive not less than one-half.

iv. New capital investments, limited as they will be to joint requirements, should be provided for on a basis of definite and individual responsibility for respective shares of the capital on the part of the Canadian National (or of the Dominion of Canada), on the one hand, and of the Canadian Pacific Railway Company on the other hand.

v. Both parties should agree to such enlargement of the powers of the Board of Transport Commissioners as may be deemed necessary to serve every public interest.

vi. In view of the very extensive economies to be attained, and to the end that the process may not involve undue hardship on anyone, provision should be made for the due protecting, by both Systems, of labour adversely affected by such economies, along the lines lately followed by the Railways of Great Britain.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119663

vii. Agreement to all provisions should be obtained from each separate class of security holders of the Canadian Pacific and of the Canadian National, insofar as such latter security holders are not already protected by Government guarantee.

The undersigned ~~being~~ are of opinion that on the evidence submitted this country can look only to a system of unified management for relief, and ~~being~~ to further of opinion that the evidence demonstrates that relief can in fact be obtained under such a system, provided complete absence of political interference is assured in the Statutory terms creating such System, and that same can be done with ample and complete protection of all public interests, ~~recommends as follows~~:

I. That because of the need of bringing public opinion in Canada to a better understanding of all facts and arguments bearing on this problem and to a better appreciation of the true meaning and implications thereof, and of the solution suggested, the Government be urged to submit the evidence to a Board of technical experts, as suggested in the Resolution quoted in this report. The undersigned are confident that the effect of such report would be not only helpful in the formulation of public opinion ~~in general in advancing the solution~~ on this question ~~problem~~, but would be decisive as to the polity any Government in office would be constrained to adopt.

II. That if the Government is not so disposed, steps should be taken at once to negotiate an agreement looking to the unified management of the two Railway Systems of Canada, and to provide in such agreement and in the legislation to give effect to same, complete and effective protection of all public interests, ~~it~~ to goes without saying that no such agreement should become effective until approved by Parliament.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

REPORT MADE BY THE FOLLOWING MEMBERS OF THE SPECIAL RAILWAY COMMITTEE OF THE SENATE SELECTED TO COMPLETE THE INQUIRY AND SUBMIT A REPORT UPON THE BEST MEANS OF RELIEVING THE COUNTRY FROM ITS EXTREMELY SERIOUS RAILWAY CONDITION, AND THE FINANCIAL BURDEN CONSEQUENT THERETO.

It is deeply regretted that an unanimous report was found impossible of attainment, as in a matter of such grave importance, at the present juncture, the added weight of unanimity in the Committee would have been of inestimable value.

Canadian National Capitalization and Deficits.

The Canadian National constitutes for the nation its most obdurate and perilous problem. The present investment of Canada in its railway system exceeds $3,300,000,000 of which by far the greater part is composed of recurring yearly deficits assumed and loans made by the Canadian Government for the Canadian National.

The cash deficit in 1938, substantially greater than in 1937, as shown in the Canadian National Railways Annual Report for 1938, is $54,314,195. This deficit does not include capital losses of $2,712,877 charged against Proprietor's Equity, any interest ~~on Proprietor's Equity~~ ~~which~~ at December 31st, 1938, ~~amounted to $672,688,000, or~~ on Government contributions to the System, written off to Consolidated Fund ~~which aggregated~~ $838,000,000 (See Public Accounts 1938, appendix 28).

It is evident that the railway problem cannot continue to drift as it has done in the past, without more hardship to the taxpayer and great and imminent danger to the credit of Canada.

In view of the marked increase in Government expenditure and taxation within the last years, of our constantly growing requirements, more particularly for national defence, for the relief of large sections of the community, for the rapidly expanding social legislation, and the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119665



corresponding greater necessity of husbanding the resources of the country, we are urged to quote anew the solemn admonition given to the nation by the Royal Commission of 1932, ~~for~~ It is far more justified today than it was seven years ago:

> "We feel compelled, as a matter of public duty, to strike a serious note of warning to the people of Canada. Unless the country is prepared to adopt the plan we have proposed, or some other equally effective measures, to secure the efficient and economical working of both railway systems and thereby not only reduce the burden on the federal treasury but improve the financial position of the privately-owned railway, then the only courses that would be left would be either to effect savings in national expenditure in other directions or to add still further to the burdens under which the industries of the country are suffering by the imposition of yet further taxation. Failing the adoption of one or other of these courses, and there are obvious limits to their application, the very stability of the nation's finances and the financial credit of the Canadian Pacific Railway will be threatened, with serious consequences to the people of Canada and to those who have invested their savings in that railway."

Reasons for Inaction.

It is contended that the expenditure of the Canadian National, even if excessive, provides for the subsistence of a portion of the population which, otherwise, might be under relief. Obviously, this is fallacious as nothing guarantees that such excess in expenditure goes to those otherwise in need of it and, above all, as such policy, if accepted, might lead to unrestrained wastage in all Government departments. The complacent state of mind of certain Canadian national officials who seem anxious to see the Country reason itself to unbearable and unpayable deficits is deplorable. Further, it was represented that the Canadian National deficits were but an apparent loss to the country as that company provided an equal value in services to the Nation which were essential to its present well-being and future development. Such a ~~This~~ contention is utterly inadmissible, as like ~~such~~ adequate services can, and in fact are, rendered by and by similar Companies in other countries the Canadian Pacific Railway at no cost to the Nation. ~~The~~ Witnesses appearing before the Committee ~~suggested possible~~ deserving outlined policy solutions of the problem, ~~none~~ ~~of~~ which implied ~~the~~ abandon- there was no

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119666

ment of essential services, but all were designed to reduce or eliminate unnecessary duplication and redundancy of Services.

It is obvious that relief can be obtained, otherwise only by a very large increase in revenues which appears to be definitely unattainable either through increases in rates, or through an increasable growth of traffic, ~~or, in the alternative, by a sweeping reduction in the cost of operation.~~

Remedies suggested.

Three different methods were proposed to the Committee for securing economies to reduce the burden of Canadian National deficits.

Voluntary co-operation.

A more effective application of the co-operative provisions of the Canadian National-Canadian Pacific Act, 1933 was recommended.

This suggestion is not very promising, since the coming into force of the above law in 1933 the total savings from arrangements now in effect, and others agreed upon by the railways but not yet in effect, will be less than $2,000,000 per annum.

(1) Re write

Past experience has demonstrated that economies through co-operation are not of an order of importance or certainty which would give grounds for confidence that the results secured would cover more than a small portion of the distance towards the objective which must be reached.

Enforced co-operation.

The second recommendation, made by the President of the Canadian National, provides for the injection into negotiations between the railways of a new body consisting of a representative of each of the railways, and a chairman appointed by the Government, the chairman to have an over-riding vote. This body would have authority to initiate

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119667



studies of any project suggested by any individual member and if a favourable report was made by a majority, or by the chairman alone, the proposal would automatically go before an Arbitral Tribunal for final decision. It was argued that this would relieve the railway companies of the stigma which would attach to agreement to undertake unpopular economies. As to the latter point it would be most unwise to depend on the Government voluntarily submitting to public odium - as the result of the action of its representative - which the railways would recoil from incurring. The suggestion appears to be useless and might prove unfair to the Canadian Pacific as the Government delegate, in conjunction with the Canadian National representative, might be urged to vote for the adoption of schemes costly to the Canadian Pacific and treat very differently those unfavourable to the Canadian National.

(2) Co-operation whether voluntary or enforced cannot be effective if coupled with competition. The railways are in a death struggle for a living and it would be unnatural for them to grant concessions without receiving due compensation. In the past negotiations between the two systems, this apportionment of burden and advantage has been the main obstacle in the way of successful results and will so remain in the future, until both railways, working for the same purse, will have the same interest and, therefore, the same incentive in realizing economies .

Unification of Management.

The last suggestion made was unification of management of the Canadian National and the Canadian Pacific, each company continuing to own its respective properties and no guarantee being given to the Canadian Pacific of a return on its stock or other capital issues. Each company would continue to receive, under unification, the net earnings

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

actual results over ~~a period~~ an agreed on period of years which past ~~experience~~ indicates that each would ~~have obtained~~ have received as an independent institution and additional net earnings made available by ~~unification~~ the economies of unified operation would be shared between them on an equitable basis. It was intimated that of these additional net earnings the Canadian National should receive at least half ~~Unification would be operated~~ the suggestion was that unified operation would be under the control of a Board composed of fifteen directors, five of which ~~to~~ would be created by Parliament and to be appointed by the Government or by be selected by the Canadian National, five by the Canadian Pacific, and the remaining five by the directors already chosen, or by some other appropriate method.

This proposition, at the outset, was met by two preliminary objections. The first was that ~~unification~~ such unified management would create a huge and possibly an oppressive monopoly. The answer is that the railways have been stripped of all powers which might render them injurious to public interest, either under a monopoly or otherwise.

The Transport Board holds supreme authority over them and controls all abandonment of lines, withdrawals or reductions of services, as well as all increases of rates and fares. For many years large sections of the Dominion have lived under the monopoly of either the Canadian National or the Canadian Pacific without any perceptible disadvantage. The modern world exists under a number of monopolies imposed by its own free will in order to suppress excessive charges and wastage due to duplication. This is strikingly exemplified in transportation, telephone, water, gas, electricity, and other urban services.

Secondly The other objection is based on the apprehension that there would be ~~levelled at the creation of~~ a large mass of population, whose united influence might dominate the political life of Canada. To this the answer seems to be that if the interest coalescing the railway ~~workmen~~ employees is an occupational or professional one, it exists already. No more striking evidence of this can be imagined than the opposition to unified management, voiced by the railway employees of both ~~railways~~ systems through their unions.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

If the interest creating the coalition be a political one, then ~~it operates today to a marked degree as more than half of our railway employees are now, if not openly, without doubt, very effectively under government and party influence. But far worse still is the pressure~~ conditions favourable for its success as they could be under unified management now are just as exerted, without any doubt as they are through their unions, by the mass of employees of both railways on political parties.

This continuous concerted pressure is mainly directed to the protection of a privileged ~~class~~ section among all ~~the~~ labouring classes of the country. fortunate that indeed a

This influence is one of the chief obstacles to the settlement of our railway problem. It can only be removed by placing the administration of the Canadian National above political interference and in the hands of capable, strong and thoroughly independent men, whose tenure of office, ~~like that of judges~~, could be attacked only for cause, ~~and through impeachment.~~ This could be accomplished by placing ~~unification~~ our railways under the direction of a properly selected ~~and protected~~ board. Whose only object could be the successful operation of a united system. Any ~~real interest~~ reasonable cause which railway workers might have had to oppose unified management has been eliminated by the proffer of provisions protecting them ~~completely~~ against dismissal, demotion or transfer. Normal attrition, which ~~includes~~ death, pension age, or resignation, would remove men from employment faster than required for unification, and those suffering from transfer from one place ~~or from one task~~ to another would be fully compensated. These ~~are privileged terms~~ unknown to the working classes of any ~~other~~ industry in the country and not enjoyed by any other class.

It was ~~to be~~ expected that railway workers would have been re-assured by the definite statement made on behalf of the Canadian Pacific - which, undoubtedly, would be acceptable to the Government if an arrangement was entered into - and would have withdrawn their opposition to ~~unification~~ a unified scheme of management

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 1967

The object sought to be attained is the avoidance of financial disaster to our country in which disaster every class would suffer and the poor classes even more than others. It is not unfair to ask that all cooperate in a joint effort to save Canada from disaster

based, as it was, on the ground that it might reduce prospective employment for their class, particularly when present employees would be so amply protected.

Persistence in their present attitude simply means that they insist that the traffic of the country, for all time, should carry the burden of some 25,000 positions which are not required.

Unification, or joint managership, by elimination of political interference by labour or other organized elements in the community might well overcome the major cause of past recurring deficits.

Savings from unification.

Sir Edward Beatty, President of the Canadian Pacific Railway Company, claimed that through the unified management of both railways, savings to the amount of $75,300,000 could be effected under average traffic conditions, which he states are those of the year 1930.

As to the method followed to establish such savings, it seems preferable to quote Sir Edward himself:

> "Your Committee, however, may desire some account of the basis and methods used for this calculation, and without being too technical, I shall endeavour to explain the origin of the figures. Estimates of savings were submitted by both the Canadian Pacific and Canadian National Railways as the result of requests to them of the Royal Commission. Three estimates were made - $75,300,000 by the Canadian Pacific, based on 1930; $50,340,000 by the Canadian National, based on 1931 - practically the level of traffic in 1937, and $56,440,000 by the Canadian National on a year of normal traffic, which was taken as 30 per cent above 1931, or practically the level of traffic in 1930.
>
> I should like to explain to your Committee the precise procedure followed in making the estimate offered by the Canadian Pacific Railway.
>
> When the Royal Commission requested that the Canadian Pacific exhibit in money its estimate of the amount of railway duplication, I arranged for a committee of our officers from the operating, engineering, traffic, mechanical and accounting departments to convene and to prepare an answer to the Commission's request.
>
> They surveyed the existing supervisory organizations of the two railways as independent units, and the probable organization of a railway as unified; the location and

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The submission of the Canadian Pacific witnesses was of a highly technical nature. Some of the evidence in opposition submitted by the officers of the Canadian National.

To demonstrate the very special character of the argument made on both sides, it is sufficient to refer to the method used, not exclusively but in the main, to establish savings from unification.

This method required the ascertainment of reduction in train and car mileage obtainable without detriment to public service from the consolidation of lightly loaded trains and from the use of the shortest and most economical routes both for passenger and freight. The result, according to the evidence, was a saving of 6,909,939 passenger train miles or 14.3% and 8,897,000 freight train miles, or 15.4%. These percentage reductions and others similarly calculated were used to measure the realizable economy in the different departments where such percentages could properly be applied.

In other cases economy was calculated directly by estimating what reduction would be possible by the consolidation of departments. This was the formula used to prove over $50,000,000 out of the $75,373,000 of savings claimed as realizable. Other technical methods were applied either exclusively or jointly with decrease in train mileage to establish the balance of the economy so claimed.

All these calculations were based on the figures of 1930.

The Canadian National officers opposed the above formula and its results by denying that the stated reduction in train mileage is exact, and further by asserting that Canadian Pacific unit costs are not applicable to the Canadian National as the lines of the two railways are not comparable. Evidence was submitted by the Canadian Pacific to show that Canadian Pacific unit costs had not been applied to Canadian National operations but, where used, had been adopted as the measure of cost possible of achievement by the unified system. The Canadian National officers, further contended

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119672

that the Canadian Pacific calculations took no account of the substantial reduction in expenditures of the former system from 1930 to 1937. The Canadian Pacific admitted that permanent savings made in recent years justified a deduction of $4,801,000 from the original estimate, but they showed that additions of $9,056,000 were justified by other known items of change. In addition, the evidence showed that by their very nature the temporary savings made independently by the railways were entirely different to the permanent economies which would be possible under unified management through the elimination of duplicate effort. The revised Canadian Pacific estimate to which reference has been made, having been computed on the basis of 1937 level of traffic, completely disposes of the contention that large economies are no longer available because of individual economies effected by the railways, either on account of reduction in traffic, or otherwise.

From 1930 to 1937, gross revenues of both railways fell 21.6%. Combined expenditures of both railways between the same years was reduced by 20.7%.

This cursory analysis of the evidence suffices to reveal its technical character. Nothing else is needed to establish, beyond contradiction, that none other but fully qualified and experienced accountants and engineers could verify, complete if necessary, and surely weigh and fairly judge this evidence.

Mr. Fairweather is the only Canadian National witness having surveyed the whole question. The gist of his evidence was that our savings from the unification of railways were impossible of realization as the public and employees would not tolerate consequent reduction of the services or the creation of a monopoly. When confronted with many items of savings to which these objections did not appear to pertain, even remotely, he refused to consider any savings

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

19673

to which his objections did not apply. This general affirmation was supported also in general terms by Mr. Hungerford, the Canadian National President. In connection with Mr. Fairweather's evidence in particular there must be kept in mind ~~was greatly weakened by~~ the report made by him and submitted to the Royal Commission of 1932. This report embodied the conclusion that there was a possible saving of $56,230,000 from unification on the traffic level of 1930, and $50,090,600 for 1931, which latter year approximated closely the traffic conditions of 1937.

Further this report was made at the request of the late Sir Henry Thornton and submitted in train conference to the Royal Commission. It is important also to note that it was prepared prior to the constitution of the Royal Commission, and before the Canadian Pacific at the request of the Commission began work on its estimate.

For the preparation of the above report Mr. Fairweather had the collaboration of seven technical assistants and access to any information he desired from the Canadian Pacific.

Throughout the ~~Enquiry~~ testimony of these officers there was a pervading strain of concern for the popularity of the Canadian National Railway and management. This is not an unnatural characteristic in regard to the atmosphere in which inevitably officers who are answerable only to a Government must live. It cannot however be too strongly emphasized that such attitude of mind leads irresistibly to redundant and extravagant Services and the sacrifice of the taxpayer.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119674

Mr. Hungerford, President of the Canadian National Railways, admitted in his evidence that the efforts to operate the property on economical lines were circumscribed by what he defined as considerations of "public interest", that what constituted "public interest" was really determined by the Government of the day and that if the Canadian National was not a Government enterprise it certainly could not be carried on its present footing.

It may be reasonably inferred, as was indicated by the late Sir Henry Thornton in his evidence before the Royal Commission, that the policy of the Government, whatever might be the efforts of the Canadian National Management to operate on sound business lines, is unhappily reflected in the administration of the railway in increases or reductions in personnel, in the carrying out of contracts for works, purchases, etc., which fact largely accounts for the Canadian National spending on operating costs alone last year 96.67¢ for every dollar earned by it, whereas the Canadian Pacific spent 82.29¢ to earn the same amount.

As a glaring instance of political influence on the policies of the Canadian National, we may cite the fact that the completion of the Montreal Terminal was definitely promised on the hustings by Ministers of the Crown, months before the Directors made their recommendation to proceed with the work.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119675

Mr. Fairweather's estimate is elaborate and comprises an explanatory memo of 12 pages and schedules of 39 pages. Although prepared by a totally different method, it appears to corroborate generally Sir Edward Beatty's contention as shown by the following comparison of the two estimates under their main headings.

Estimates by Canadian National and Canadian Pacific respectively of possible savings through unification, based on the level of traffic for 1930.

| | C. N. R. | C. P. R. |
|---|---|---|
| Increased railway operating revenues: | $6,540,000 | $1,396,000 |
| Traffic solicitation & advertising -- | 6,950,000 | 5,976,000 |
| Transportation & Misc. operations -- | 20,047,000 | 24,954,000 |
| Maintenance of Way & Structures - - - | 3,423,000 | 14,889,000 |
| Maintenance of Equipment - - - - - -- | 7,797,000 | 14,360,000 |
| General - - - - - - - - - - - - - -- | 1,573,000 | 4,289,000 |
| Lake and coastal steamers - - - - --- | 500,000 | 450,000 |
| Hotels - - - - - - - - - - - - - -- | 4,500,000 | ------- |
| Express operations - - - - - - - -- | 600,000 | 1,450,000 |
| Telegraphs (railway & commercial) --- | 700,000 | 948,000 |
| Interest on released investment in material & rolling stock - - - - -- | 3,000,000 | 6,350,000 |
| Miscellaneous - - - - - - - - - - - | 600,000 | 311,000 |
| Grand Total - - - - - | $56,230,000 | $75,373,000 |

Details show items in each estimate that are not in the other, which indicates that a combination of both estimates might well produce potential fields of economy greater than the total of either.

Mr. Fairweather also gave evidence as to possible savings under co-operation. In this, his opinion appeared to undergo very considerable variations as he first appraised savings under this head at $35,000,000, then at $24,000,000, subsequently again at $10,000,000, and finally admitted that such estimates were but guesses on his part. DD is different to appraise the value of evidence so submitted

The disposition of Mr. Fairweather to alter or adjust his estimates from time to time casts grave doubt on the value of his evidence.

(4)

Conclusions. Without professional assistance, the Special Railway Committee will be unable fully and satisfactorily to report on its investigation and, as a consequence, a rare amount of

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119676

valuable information will be lost and the solution of the Canadian railway problem will, in no way, be advanced.

That such a solution may be found in unification was "prima facie" demonstrated by the witnesses of the Canadian Pacific.

For that reason, it is of paramount importance that the whole evidence submitted to the Committee be thoroughly tested.

That the total elimination of all duplication and competition between the two railways must result in substantial economies seems incontestable.

That such economies would or would not be of such importance as to justify so great a departure as unified management remains to be seen, and can be ascertained from the material amassed, if submitted to proper technical advice.

It must be borne in mind that the investigation has revealed the remarkable success of the co-operative projects already in effect, including the pool trains, which projects constitute but a partial and local application of unification. The evidence indicates that these projects show a saving in operating costs of no less than 33%, but pool trains, for example, must still carry the waste of duplication in terminals, yards, etc. If duplication and competition were largely banished from both railway systems, would the saving resulting therefrom not be very great?

It is therefore recommended that the evidence laid before the Special Railway Committee be studied, completed if necessary, and reported upon to the said Committee as soon as possible, by one or more firms of railway engineers and accountants of high standing, free from all interest in

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119677



either railway system.

It is further recommended that such firm or firms of railway engineers and accountants be selected by mutual agreement between the Canadian Pacific Company and the Canadian National Railways and should this selection be not made within thirty days from the prorogation of the present session, then that said firm or firms be nominated by the Chief Justice of the Supreme Court from panels of firms of engineers and accountants submitted by the two railway systems.

It is recommended that the Government be strongly urged to provide the funds to defray the services of the firm or firms of engineers and accountants, so chosen or nominated.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

O. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
OF THE ONTARIO BAR
MELVILLE B. GORDON
CHRISTOPHER ROBINSON
OF THE QUEBEC BAR

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

119678

CABLES
LAURENTIAN, OTTAWA
TELEPHONE 2-2488

OUR FILE No. 2090-2

May 5, 1939.

The Right Honourable Arthur Meighen, P.C.,
The Senate,
Ottawa, Ont.

My dear Senator:

Re Railway Enquiry

Referring to my letter of April 17th covering copies of my correspondence with Mr. Hungerford on the subject of the memorandum dealing with the figures of the estimates and the evidence directed to them, I enclose a copy of a further letter from Mr. Hungerford dated on April 28th and of the reply which I made to this.

I have in the circumstances completed the memorandum and it should be ready for distribution to the members of the Committee on Monday as arranged.

Yours very truly,

BMG

Enc.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(C O P Y)

CANADIAN NATIONAL RAILWAYS

D.19679

Montreal

28th April 1939

Dear Colonel Biggar,

I have your letter of April 17th. I hope you do not consider me to be critical of action on your part. Perhaps we may not be looking at the matter from exactly the same points of view, but to me the issues are of such importance as to justify my expression of views on your memorandum in such form as appears to me to be necessary, even though it may be that technically the precise character of your task is not, from your standpoint, strictly kept in mind.

May I venture the opinion that any summary of evidence which is not a bare skeleton reference to subject matter and record, almost necessarily involves a degree of judgment in expression which, however carefully exercised, does trench on its force or weight. The language of your memorandum seems to me to warrant that observation. If the former method had been followed, it would have served the function of a reference index which might have met the purpose of the Committee. In this, however, I do not presume to suggest what should be asked by or furnished to the Committee; I am only hazarding a comment on the bald question of the mode of enabling the Committee quickly to turn to the evidence on any topic raised.

Perhaps the chief difference of view between us is indicated in that part of your letter in which you used the following language:

> "Questions of state policy such as the comparative advantages and disadvantages of a railway monopoly are quite outside its scope, and since no one is being either praised or blamed this is equally true of the reasons why in the absence of independent enquiry individual witnesses were unable to be of any assistance to the Committee on the point with which the memorandum deals."

What we must keep in mind is this: One of the two large railway systems of Canada submitted a scheme for the solution of a difficult railway problem; the officers of the Canadian National were requested to deal critically with those submissions and certainly, to the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D / 9680

ordinary person, it would be assumed that the strength of the critical comments on the scheme would reflect vitally on the strength of the scheme itself. But the fact is that there were fundamental data withheld without which it was out of the question for the National officers or anyone else to deal in any degree adequately with the items of that scheme. Yet, if I correctly apprehend your view, the "reasons" for the inability of the National officers to furnish a full and reliable critical comment on the various features are irrelevant to the purpose of the memorandum. Technically, that may be so, but when the substantial purpose and effect of the memorandum in its actual form is considered, surely it would be assumed, in the absence of explanation, that the opposing submissions were co-extensive in basis and subject matter, and the absence of the "reasons" would permit therefore an implication that is fundamentally erroneous. From my standpoint, the fact of the absence of that date is a most essential feature of the evidence presented by way of criticism of the scheme; from yours, apparently, that fact is irrelevant. All I can ask is that with the utmost deference I be permitted, in a matter of such importance, to make clear that I do not agree with you in that regard.

I note your statement that you have amended the original draft of the memorandum in the light of some suggestions in the comments enclosed with my first letter.

In view of the difference of opinion between us as in part indicated in the foregoing, and the peculiar relation of the matter of that difference to any statement of the evidence as a whole, it would, I think, be improper for me to suggest specific modifications of your memorandum, and I therefore refrain from doing so.

Yours faithfully,

(sgd) S. J. Hungerford

President.

s.

Col. O. M. Biggar, K.C.,
c/o Smart & Biggar,
Victoria Building, OTTAWA, Ontario.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[ 1968 ]

O. M. BIGGAR, K.C.
RUSSEL S. SMART, K.C.
MELVILLE B. GORDON
CHRISTOPHER ROBINSON

SMART & BIGGAR
BARRISTERS & SOLICITORS
VICTORIA BUILDING
OTTAWA,
CANADA

CABLES
LAURENTIAN, OTTAWA
TELEPHONE QUEEN 465

OUR FILE NO. 2090-2

May 1st, 1939.

S. J. Hungerford, Esq.,
President,
Canadian National Railways,
Montreal, P. Q.

Dear Mr. Hungerford,

I have your letter of April 28th, and regret to learn that you have decided not to let me have any further comments on the memorandum. In the circumstances I shall have to do the best I can on the information presently available, though I should have been glad to have had the advantage of specific suggestions directed to including in it references to passages in the evidence which in the view of your officers should have been referred to.

Yours very truly,

(sgd) O. M. Biggar

BER

NOTE—THE FOREGOING COPY IS SENT FOR YOUR INFORMATION

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

5

119682

Montreal May 10th, 1939.

Hon. Arthur Meighen
Senator
Ottawa.,

Dear Sir:-

An unic directorate on the railways means a Government under a Dictature in Canada which autority could not be applied here unless it is applied first in England.

With our democratic Government the unification means that the syndicate of the employees shall comprise the real shareholders receiving their orders from the american head office, which can compel the unic Board to increase any time their salaries 10% 15% or more, as they please, or the syndicate of employees might go in strike and force the Board or the Government to accept the new scale of salaries wiping out all suggested economies.

The British tie will be cut, because orders will come from foreign heads ignoring all social justice.

The only way to settle the railway problem is in increasing the traffic, I am in a position to establish that the canadian routes are robbed of 67% of their own traffic by foreign routes and to bring before the Committee the means to close the leaks of our railways. The Committee is as much competent than any other judge, to appreciate the proof of the leaking and the proper means to close it.

Why close the door to independant evidence?

Sincerely yours
SERAPHIN OUIMET
C.E.&.L.S.
- Seraphin Ouimet

750 St.Gabriel St.
Montreal
HArbour 5724
SO/MO.,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19683

Toronto, Ontario.
May Tenth, 1939.

Senator Arthur Meighen,
Ottawa,
Ontario.

Dear Sir,

Standing up for the right, is a tough problem today, and I hope you will appreciate the sentiments expressed so poorly in the copy of letter enclosed.

Yours sincerely,

Archie Campbell.

82 Frizzell Avenue,
Toronto, Ontario.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119684

Toronto, Ontario.
May Tenth, 1939.

The Editor,
The Evening Telegram,
Toronto,
Ontario.

Dear Sir,

It is most pleasing to read of the stand taken by Senator Arthur Meighen, on Railway unification.

Reviewing the Transportation Problem, over a length of years, one is permitted to reach the conclusion,that handing control of Canadian Railways, over to the foreign controllers of the Canadian Pacific Railway, and their affiliations would disloyal to Britain and disastrous to the best interests of Canada.

Over fifty years ago, the British Investors who backed the building of the Grand Trunk Railway, as an east to west line parallelling the St.Lawrence and Lakes Ontario and Erie, did so with the vision of the future, which has become vitally important to Canada recently. Included in their immediate proposal was that of extending the Grand Trunk northerly from the main line as the more settled conditions required, AND, the opening of the Seaway to Port Arthur, to have the products of Western Canada, loaded into British Ocean-going vessells at that point, and carried to the markets of the world, by the British Mercantile Marine.

To frustrate this plan, foreign financiers 'induced' in what ever terms may be contained in that word, Canada to bonus the Foreign Financiers with huge grants of land, to provide the costly system of rail transportation about 1,200 miles across the non-revenue-producing district of northern Ontario. From that contra-British act has developed not only our rail problem, but other disastrous conditions.

To compete with even the meagre boat service of the local boats, the C.P.R. was granted the right to haul wheat to the advantage of its foreign owners, at rates competitive with the lake rates. If any, a very small portion of this lowered rate, made effective to forestall any chance the British Interests might prevail, and the seaway be built, was directed to the primary producer, or the Canadian public. The cost of operating freight trains over this immense district, was not met by the rate permitted, so something had to be done about it, or the poor Foreign Financiers would lose money.

Thw germ was taken out of the wheat, and the origin of diabetes, and infantile paralysis, the fine starch-like su bstance from which the bread of today is made, caused untold instances of illness, and edeaths, and untold costs with relation to the general health of Canadians, particularly building the diabetic and similar ills of today, with their immense expenditures.

As the British usages and customs, even the basis of that greatest of empires, is founded on the teachings of the Bible, it might not be misleading for the reader to do some comparison work.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The Bible vary clearly tells us, Quote ' [illegible] ' A measure of wheat for a penny, and THREE measures of barley for a penny, AND SEE THAT THOU HURT NOT THE OILY GERM, or the wine'.

Now here is where the comparison is important. Take the latest report of the prices for wheat, and divide that by three, and compare that with the prices of barley, and you will find you are paying much too much for the barley when you take the wine, or other alcoholic drink made from the barley. But as the Foreign financiers who control that industry of making the barley into liquors, which they sell the Canadian public at tremenduous profits, Canada licenses them to rob the consumer.

One may purchase liquor or not, but one has difficulty in [illegible] avoiding the use of bread.

Now another comparison, check the price of barley in the latest report, and mutiply it by three, the price the Bible tells us the primary producer should get, and what have you ?.

Then turn to the consumer value again. In a comparison of this type, one finds the producer receives just about half the ratio advocated in the Bible, then about sixty percent of the food value, in the shape of the germ is taken out, extracted is the term one qualified medical man terms it, and from the left-overs is made the bread which goes into the homes at a figure far beyond the wage figure of today.

The sturdy Scotsmen, get around this nicely. and what a pity we had not more sturdy Scots in the administration of the affairs of this unit of the British Empire.

From Port Arthur to Scotland, wheat from the Canadian west is carried in British Boats, and in Scotland, amde into the Whole Wheat Bread, which sells there to the consumer, for about twenty percent less than the defiled substance on which Canadians are fed.

Why wander away from Transportation, because these items are irrevocably included in the field of transportation, and are controlled by the foreign financiers.

No doubt the Canadian Association of Broadcasters will take exception to the statement, that all this transportation problem, made the market for the Nostrums, which George Hebden Corsan, criticised as occupying too much time on radio broadcasts. The difference between Mr. Corsan, and this association is that Mr. Corsan is endeavouring to create a greater interest in the beautiful things of God, where as the Broadcasters, who are licensed by the Canadian Government, promote the interests of foreign financiers, who profit from the sale of the diluted flour, which in turn creates the conditions for which Nostrums are used. Because the parasitic patrons of the foreign financiers grant a license to defy amd ignore the Bible, does not make the persons or parties who follow that defiantly, and with the full intent to ignore the Bible, any less evil. The crucifixion of Christ was made legal, but His death was just as great a loss as though it had been comitted outside the law licensing it.

The fact that the Canadian Government licensed and co-operated in these and other similar movements, does not point defianee and ignoring of the Bible to be the correct thing to do.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119686

May the time soon come, when Canadians will take 'The Road to Democracy' and in view of that message in Isaiah, 'And the Government shall be upon Christ's shoulders' follow out the methods of Christ, to the way to make the world safe for Democracy so succinctly and briefly described by St. Paul.

Yours sincerely,

Archie Campbell.

82 Frizzell Avenue,
Toronto, Ontario.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119687

THIRD

# Conference On Canadian-American Affairs

June 19-22, 1939

THE ST. LAWRENCE UNIVERSITY

CANTON, NEW YORK

COUNCIL
OWEN D. YOUNG, (Chairman)

*For The St. Lawrence University*
LAURENS H. SEELYE, President
MILLARD H. JENCKS,
Chairman of Board of Trustees

*For Queen's University,*
*Kingston, Ontario*
ROBERT C. WALLACE,
Principal and Vice-Chancellor
JAMES M. MACDONNELL,
Chairman of Board of Trustees

*For the Carnegie Endowment for*
*International Peace*
NICHOLAS MURRAY BUTLER,
President
JAMES T. SHOTWELL,
Director of the Division of
Economics and History

EXECUTIVE COMMITTEE
ALBERT B. COREY, (Chairman)
The St. Lawrence University
REGINALD G. TROTTER,
Queen's University
HENRY S. HASKELL,
Carnegie Endowment for
International Peace
WALTER W. MCLAREN,
Williams College

May 10, 1939

Rt. Honorable Arthur Meighen
The Senate
Ottawa, Canada

Dear Mr. Meighen:

You are cordially invited to meet with a group of some one hundred fifty scholars in the field of economics and government to discuss problems that are of common interest to Canada and the United States. This Conference will be held at The St. Lawrence University, Canton, New York, from Monday afternoon, June 19 to Thursday afternoon, June 22. The nature of the program which is enclosed is such that it is important that members remain throughout the Conference.

The Carnegie Endowment for International Peace will pay your personal travelling expenses from the address indicated above to Canton and return. The St. Lawrence University will be the host for the occasion and will provide rooms and meals at the Men's Residence without expense to invited members of the Conference. Should you be accompanied by members of your family, arrangements will be made for them to obtain similar accommodations at the Men's Residence at the rate of $3.00 per person per day. If you should prefer to reside at the Hotel Harrington, it will be necessary for you to conclude your own arrangements with the hotel. A circular showing rates is enclosed.

This invitation is extended to you on behalf of the Carnegie Endowment for International Peace, The St. Lawrence University, and Queen's University.

Very truly yours,

Albert B. Corey.

ABC DF

Chairman of the Executive Committee.

This is confirm your understanding with Dr. Shotwell

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119688

THIRD

# Conference on Canadian-American Affairs

JUNE 19-22, 1939

## THE ST. LAWRENCE UNIVERSITY

CANTON, NEW YORK

---

### REGISTRATION

Please complete and return this form as early as possible to Professor A. B. Corey, The St. Lawrence University, Canton, N. Y.

Name .....

Street and number .....

City .....State (or Province) .....

I shall be present from .....to .....

I shall be accompanied by .....

If accompanied by your wife, would you be willing to be lodged in adjacent single rooms in a University dormitory? .....

Do you wish to make special arrangements for lodging at the Hotel Harrington? .....

Will you arrive by automobile or by train? .....

Please fill in your occupation as you wish it to appear on the programme and in the Conference "Who's Who" .....

.....

.....

.....

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0.19689

CANADIAN-AMERICAN CONFERENCE

June 19th-22nd, 1939

The St. Lawrence University, Canton, New York

Draft Programme

**Monday, June 19:**

6:00 P.M. Opening Dinner
Address of Welcome: Laurens H. Seelye
President, The St. Lawrence University

8:00 P.M. GENERAL SESSION

Subject: NORTH AMERICA IN THE WORLD TODAY

Chairman: James T. Shotwell
Director of the Division of Economics and History of the Carnegie Endowment; Bryce Professor of the History of International Relations, Columbia University

Address: W. A. Mackintosh
Professor of Political and Economic Science, Queen's University

**Tuesday, June 20:**

9:30 A.M. DISCUSSION SESSION

Subject: NORTH AMERICA'S EXTERNAL ECONOMIC INTERESTS

Chairman and leader of discussion: Harold A. Innis
Professor of Political Economy, Toronto University

2:00 P.M. SPECIAL DISCUSSION SESSION

Subject: TRADE AND TRADE CONTROLS

Chairman and leader of discussion: Henry Chalmers
Chief of the Division of Foreign Tariffs, Department of Commerce, Washington, D.C.

2:00 P.M. SPECIAL DISCUSSION SESSION

Subject: INTERNATIONAL FISCAL CONTROLS

Chairman and leader of discussion: Roswell F. Magill
Former Undersecretary of the Treasury; Professor of Law, Columbia University

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119690



8:00 P.M. GENERAL SESSION

Subject: NORTH AMERICA'S EXTERNAL POLITICAL INTERESTS

Chairman: Rt. Hon. Arthur Meighen
Former Prime Minister of Canada

Addresses: "The European and the North American Situation"
by: John Foster Dulles
Former Counsel on Reparations to American Delegation to Negotiate Peace, etc.

"The Pacific Area and North America"
by: H. F. Angus
Professor of Economics, University of British Columbia

Wednesday, June 21:

9:30 A.M. DISCUSSION SESSION

Subject: NORTH AMERICA'S EXTERNAL POLITICAL INTERESTS

Chairman and leader of discussion: Robert C. Wallace
Principal, Queen's University

1:00 P.M. SPECIAL LUNCHEON

Chairman: Lewis W. Douglas
Principal, McGill University

Speakers: Hon. Charles A. Dunning
Minister of Finance, Canada

(Other Speaker to be Announced)

8:00 P.M. GENERAL SESSION

Subject: DEFENCE AND EXTERNAL OBLIGATIONS

Chairman: Major General John F. O'Ryan

Addresses: "An American View" by: Hon. Elbert D. Thomas
U.S. Senator from Utah

"A Canadian View" by: Charles Perry Stacey
Department of History,
Princeton University

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119691



**Thursday, June 22:**

9:30 A.M. **DISCUSSION SESSION**

Subject: **DEFENCE AND EXTERNAL OBLIGATIONS**

Chairman and leader of discussion: Major General Frank R. McCoy
Former member of the
Lytton Commission, etc.

12:30 P.M. **CLOSING LUNCHEON**

Chairman: Millard H. Jencks
Chairman, Board of Trustees,
The St. Lawrence University

Speaker: James T. Shotwell

3:00 P.M. Outing to Massena for those who remain over for the evening trains.

---

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119692

HOTEL HARRINGTON
Canton, New York

Conference on Canadian-American Affairs,
June, 1939

Room Rates

| | |
|---|---|
| Single, without bath | $1.50 |
| " with " | 2.00 |
| Double, without bath | 2.50 |
| " with " | 3.00 |
| Twin beds, without bath | 2.50 |
| " " with " | 3.50 |

Meals

| | |
|---|---|
| Breakfast | $.50 |
| Luncheon | .50 |
| Dinner | .75 |
| Sunday dinner | .75 |
| Sunday supper | .75 |

Weekly Rates

Rooms without bath $7.00 and $5.00 (latter on fourth floor)

" with " 10.00

Board 10.00

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L.I 9693

485 Telfer Street
Winnipeg
Manitoba
May 11th 1939

To the Hon Senator A Meighan
Dear Sir

I was deeply interested in the suggested bill for compensation to be made to the discharged employees of the C.N.R & C.P.R due to the outcome of the proposed unification of the two roads & would like to offer the following suggestion to be embodied in the Bill
"To all employees with thirty years or more service accumulated. the pruvilege should be accorded of voluntary retirement on Pension". In support of this suggestion I would point out that the average worker of to day after he reaches the age of fifty five has outlived his best years of servce & could be advantageously replaced by a younger man. Further if retirement on Pension was permissable at this age I venture to state that several long service employees would take advantage of the concession & by doing so, obviate the neccessity of forcing junior men (several of whom would be of more value to the railway service) into the ranks of the unemployed & thus having the expense of compensating them for their being relieved from their positions I would further

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

reiterate that the service of the returned soldier deteriorates around the age of fifty and I think that concession of retirement on Pension in their case should be lowered to voluntary retirement after twenty five years service at the age of fifty I feel certain if unification of the two railways is necessary that the scheme as outlined above, would be to the advantage of the operation of the railroads & a financial saving by reducing the number of workers who would have to be compensated for the loss of their employment. I trust that you will excuse the liberty I am taking in writing to you, and that you will give my proposal your kind consideration

I am Sir

Yours Truly

Ernest J. Caswell

D-19694

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Ry.

L 19695

11 May 30

Hon. F. Meighen
Ten Eldg. Ottawa

Evendale, Ont.
Canada

Sir

Your Policy of Railway Unification is obviously intended to provide larger Salaries, Etc. for Officials already receiving far too much, at the Expense of many Workers.

I did Not see Anything in your Policy to remove Chinese Labour employed by C.P.R.

The Scheme would create Even greater Monopoly for Eastern Financiers, (Etc. We in the West are rapidly realizing we are in Confederation for Eastern Exploitation (especially Imperial Exchange Speculators,) and Not getting a Square Deal.

We are Not prepared to be further Exploited to guarantee Profits & Excessive Salaries to a few with Many enduring Very Moderation.

Sincerely Yours

C. D. Atkinson

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

# RAILWAY FACTS

Published by the Citizens' Group for Railway Action.

JUDGE EMERSON COATSWORTH, President DALTON J. LITTLE, Secretary-Treasurer W. F. GREENFIELD, General Field Secretary

No. 18 611 TEMPLE BLDG., TORONTO 2, ONT. May 12, 1939


## Senator Dandurand Prevents Public from Learning Facts on Rail Problem

### C.N.'s Station Plan Is Not Good Enough To Stand Criticism

Whatever merit there may be in the plans of the Canadian National Railways to build a new passenger terminal in the famous hole in the ground in Montreal, it is not sufficient merit, evidently, to run the risk of criticism either from the Canadian Pacific or from outside persons.

For some reason which perhaps never will be explained, the Commons Standing Committee on the C.N.R. heard little pertinent questioning from Conservative members. H. H. Stevens, who evinced great curiosity in the early stages of the session, did not appear at the Committee.

The Special Senate Committee has not been allowed to examine into the question at all. Senator Dandurand cracked the party whip and voted down the Conservative members when they would have heard what the C.P.R. had to say about union terminal possibilities in Montreal. George Macleod, a former city engineer of Montreal, also was refused permission to explain his scheme for using the hole in the ground for tramway purposes.

A member of the Citizens' Group who proposed that it be made into a ravine park, wherein could repose a statue of the late Sir Henry Thornton, did not ask to have his views placed on the record.

### Junior Workers Lash Out At Seniors' Adding Days

Two spare-list employees of the Canadian National, named Black and White, have written the Senate Committee to argue that senior men in the railway running trades should not be permitted to earn 38 days' pay per month.

They argued that reducing the senior men to 26 days would give them good pay and give work to 10,000 or 12,000 additional men. They asserted that of 673 employees in Ontario canvassed, 450 were in favor of the change.

### Senator Meighen's Resolution

"That the evidence before this Committee be submitted to a firm of railway engineers and accountants of high standing, free from all interest in either railway system, to the end that such firm may study such evidence and especially its practical railway engineering and accounting features, and make such physical examination as it may deem necessary, with a view to making a full report before this Committee as to what in the judgment of such firm would be the amount of savings which could be effected by a system of unified management, and to what extent, if any, such savings would entail an impairment of services to the Canadian people."

This resolution was defeated.

Anyone who has followed the course of the Special Senate Committee in the current year must have concluded that the aged though sprightly Government leader in the Senate, Raoul Dandurand, is losing his political acumen. Ample evidence of this is his refusal to accept the resolution of Senator Meighen that the unification estimates of Sir Edward Beatty be examined as to their validity by a firm of independent auditors and engineers.

The figures, explained in great detail by a half dozen or more of the highest operating officials of the Canadian Pacific, were stated by all Canadian National officers who testified as being gross exaggerations. Between the statements of responsible officers of both railways, Senators on the committee had their choice. It was Mr. Meighen's idea that if a reputable and competent firm not connected with either railway examined the Beatty proposal and reported thereon, the committee and the public would be better able to determine whether or not unification is the answer to the Canadian railway problem.

But after giving himself two days to think it over, Senator Dandurand read a statement to the committee last week which expressed opposition to the resolution on the ground of its possible expense and, one inferred, because, in his opinion, the C.P.R. figures were wrong anyway. In the subsequent vote of the committee, five Liberals and Senator McRae voted with him.

The reason for believing that Senator Dandurand is not as politically astute as he has been considered in his younger years is that a reference of the whole unification question to an outside authority would have shelved the entire railway question for several months at least. No politician in either Liberal or Conservative camps desires the railway question to be discussed in the general election which observers think will be coming in the present year, although Mr. King could, if he wished, wait until next year.

Senator Haig, of Winnipeg, a member of the committee, in an address following the Dandurand statement, deplored Senator Dandurand's attitude for the reason that, he said, he would like an expert, independent opinion on the estimates of savings. But he added that it seemed to him poor political tactics for Senator Dandurand to deny what the Meighen resolution asked for. For it was Senator Haig's belief that the railway question would be an issue in the coming election whether or not either party desired it to be.

Contacts which the Citizens' Group for Railway Action has throughout Canada strongly corroborate Senator Haig's belief that the public is aroused to the need for a solution of the railway problem. And if funds permit, it is the intention of the Citizens' Group to continue to disseminate information on the railway question, regardless of the attempts to keep the question in the background.

### One Locomotive Driver Favors Railway Reform

A letter signed "Locomotive Engineer" and dated from Regina in The Financial Post of April 29th, said:

"Unify the railways as much as you like. I think that is sane business, but passenger engineers don't earn and aren't paid $4,000 a year. . ."

J. L. McDougall, of Queen's University, told the Senate Committee that some passenger engineers could earn up to $4,000. It is believed that the average pay of regularly employed engine drivers is between $3,200 and $3,500 per year.

### Interest Charges Higher

Interest charges applying to the Canadian National Railways for 1938 were $50,765,147, an increase of $132,051 over 1937.

### Loan of C.P.R. in 1933 Cost Taxpayers Nothing

In railway labor circles it is continually being implied that the Canadian Pacific Railway received aid from the Canadian taxpayer by reason of the Dominion Government's guarantee of a $60,000,000 bank loan of the C.P.R. in 1933. The fact is that the C.P.R. repaid the loan in full, with interest, so that the guarantee did not cost the taxpayer anything, and there is not now even a contingent liability in connection with it.

The record of this transaction is:

| | Borrowed |
|---|---|
| June 22, 1933 | $35,000,000 |
| December 1, 1933 | 25,000,000 |
| Total borrowed | $60,000,000 |
| | Repaid |
| July 2, 1934 | $12,000,000 |
| February 15, 1936 | 12,000,000 |
| April 1, 1936 | 36,000,000 |
| Total repaid | $60,000,000 |

### Sixteen Hours' Deficit Would Pay for Experts

The first reason that Senator Dandurand gave for his refusal to permit the C.P.R. unification savings estimates to be examined by independent experts was the probable cost, which he set at perhaps $100,000.

On the basis of 1930 traffic the unification savings were estimated at $75,000,000; on the basis of 1937 traffic, the estimate is $59,000,000.

The Canadian National cash deficit was $42,000,000 in 1937 and $54,000,000 in 1938. The average daily cash deficit on the Canadian National in 1938 was $148,000.

Senator Meighen expressed doubt that the examination he proposed would cost $100,000, but in any event it was negligible in comparison with the existing losses and it would be money well spent to enable the country to judge whether or not unified management would substantially reduce the enormous annual deficit of the Canadian National.

### Farquharson Says West Ready for Rail Solution

After completing an extended tour of Western Canada for the Toronto Globe and Mail, R. A. Farquharson, a veteran journalist and observer, wrote from Winnipeg in the April 12 issue of the Globe and Mail:

> Vancouver cheered the move which prevented operation of rival railway hotels and led to the formation of a joint company to operate the palatial new Vancouver Hotel. "Public opinion always ends in backing common sense," a Vancouver lumberman assured me.
>
> Decision to complete the C.N.R. railway terminal at Montreal at a cost of $12,600,000 to the taxpayers, brings just as much protest in the West as in Ontario, only the protest is couched in more vigorous language.
>
> Any leader who can convince the West that his plan opens the door to possible freight rate reductions in the future, can count on prairie support.

### C.N. Wages Up Millions Since '34, Commons Told

Canadian National Railways in 1934 employed almost the same number of persons as in 1938, but the 1938 wage bill was $26,000,000 higher. The figures as given by Hon. C. D. Howe in the House of Commons are:

| | Employees | Pay |
|---|---|---|
| 1934 | 74,774 | $ 90,408,102 |
| 1938 | 74,953 | 116,526,106 |

### Says Trucks Not Seen

With regard to the high cost of operating trains on thin-traffic branch lines, Prof. McDougall, of Queen's, remarked to the Senate Committee that "the Railway Commission may some day realize that there are trucks and buses on the highways."


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

## Must Look Down to See New Montreal Terminal

Canadian National employees throughout the country apparently have been told that the proposed C.N.R. terminal in Montreal is necessary in order to place that railway on equal terms with the C.P.R. in getting business.

It is generally conceded that passenger terminals do not add to railway revenue.

In the Montreal case, the terminal as at present planned will not be imposing. So far as can be learned, no part of the structure will be above the street level.

Many of the most important trains now entering or leaving Montreal on either railway are pool trains, with the revenues divided on a pre-determined basis between the two railways, no matter which sells the ticket or which actually carries the passenger.

The co-operative committees of the two railways now are, moreover, studying the feasibility of a complete passenger pool.

At present, the principal non-pool trains entering and leaving Montreal are the trans-continental and other trains passing through Ottawa, and trains connecting with United States railways.

## Would Quit Talking About Great Problem

From Hansard of May 3, 1939:

Dr. Manion—. . . In my opinion, however, there is no method possible whereby the Canadian National Railway deficits can be completely eliminated, or whereby we can even approach wiping it out.

Mr. Gray—Then let us quit talking about it.

## Railway Wages Rise

Wages of United States railway employees since 1933 have risen more rapidly than the cost of living. Canadian railways pay approximately the same rate of wages.

In Great Britain, where 120 railways were grouped into four systems following the war, personnel declined from 642,254 in 1923 to 574,500 in 1937. This was accomplished without dismissals and without reduction in wages and salaries.

## Overtime for Engine Drivers

In a recent issue of Railway Facts, Prof. McDougall, of Queen's was quoted as saying that passenger engineers begin to collect overtime after being five hours on their runs. On the Montreal-Brockville run, it later was developed before the committee, the overtime would begin after about six hours and twenty minutes.

## Another Famous Saying

"There's no such thing as a railway problem." — H. B. Chase, assistant grand chief engineer of the Brotherhood of Engineers, as quoted in the Ottawa Journal of April 28.

## Branch Lines Don't Pay

According to calculations by S. W. Fairweather, of the Canadian National Railways, 4,034 miles of that system in 1937 had a surplus of $8,976,700 after taxes and fixed charges; 4,087 miles earned operating expenses but had a deficit of $7,879,200 after taxes and fixed charges, while 13,851 miles, mostly branch lines, had a net operating deficit of $17,808,300 before taxes and fixed charges, and a deficit of $36,618,500 after taxes and fixed charges. In this way, Mr. Fairweather arrived at a 1937 deficit of $35,521,000 for all lines, excluding those in the U.S. and excluding hotel and steamship operations.

## TWO MILES OUT OF EVERY THREE!

In 1937, one and a half billion dollars of the C.N.R. debt was taken out of the railway's books and made part of the national debt. Interest on that money is no longer charged to the rail system and, therefore, adds nothing to its annual deficit. None the less, apologists for the $54,314,196 deficit recorded in the C.N.R. report for 1938 argue that the system could pay its way were it not so burdened with debt—much of which, by the way, has been self-created since 1922.

However, on no less authority than that of the company's own experts, it is now revealed that in 1937 two-thirds of the C.N.R. mileage did not even earn operating expenses. In this, no question of interest on debt or capital investment is involved. The plain fact is that two miles out of every three (13,851 out of 21,972 miles) of the government-owned railways did not earn enough to pay for wages, coal, repairs, etc.

It is admitted that analyzing the detailed operation costs of a great railway is a job for experts, and C.N.R. officials would undoubtedly classify some of this money-losing mileage as good feeder line—mileage which, although unprofitable itself, contributes traffic and revenue to the more profitable lines. Yet, the ordinary citizen may well be curious as to just how much of that 13,851 miles can be justified on that score and what considerations compel the continued operation of the rest of it. He might ask how much of it is operated for political reasons, or because of political pressure exerted by the railway brotherhoods? Who would lose by abandonment of certain mileage—and how great would be the loss compared to the present cost of operation?

The Citizens' Group for Railway Action came into being because citizens in all parts of the country were becoming more and more alarmed at the continued inaction in regard to the tremendous drain on the national treasury caused by C.N.R. annual deficits. If you, too, are disturbed by the losses of this government-owned enterprise, join the Citizens' Group and thereby add to the effectiveness of the efforts being made to get something done to rationalize the railway situation.

## C.N. Service Good, But Deficit is Ghastly

In anonymous letters and otherwise the Citizens' Group for Railway Action is accused of being hostile to the Canadian National. It is undoubtedly hostile to the deficit for the reason that the deficit has become an intolerable and largely unnecessary burden on the taxpayer.

There has not been in Railway Facts or other publications of the Citizens' Group any word of criticism of Canadian National service to the public, which undoubtedly is good and has been good since the early days of Sir Henry Thornton's regime.

The real enemies of the Canadian National, and the real enemies of the principle of public ownership, are those who would take no step to reduce or eliminate that ghastly annual cash deficit.

Among the statements frequently made about the Canadian National which are not strictly accurate, is that that company is in disrepute only because of the load of interest inherited from the bankrupt lines it took over. Transport Minister Howe is authority for the statement that a billion and half dollars were taken out of the C.N.R. debt and added to the general debt of the country. Moreover, the Canadian National since 1923 has earned only about half enough to pay interest on the new debt created since 1923, although it is a fact that the Grand Trunk, the Canadian Northern and the Intercolonial were worth something when they were merged into the present Canadian National system.

## Cash Needed Regularly

Announcement is made that the Canadian National Railway system will require help from the public treasury to the extent of $62,771,000 during 1939. When it comes to such bolstering the letters C. N. R. stand for Cash Needed Regularly.—Brantford Expositor.

So far as employment is concerned, the boom year for railway workers was 1920, when 185,177 were employed. The next highest year was 1928, when 179,361 were employed. The low point was 111,789 in 1933.

**FILL IN THIS BLANK AND MAIL TO**

DATE.....1939

CITIZENS' GROUP FOR RAILWAY ACTION
611 Temple Building,
TORONTO, Ont.

As a citizen of Canada who is not a Director, Official, or Employee of a Railway (and therefore, eligible for membership in the Citizens' Group for Railway Action), please enroll me as a ..... member of your organization. Enclosed please find my remittance of.....dollars to cover my membership fee for one year from date.

**Membership—$5.00 per year.**

**Associate Membership—$1.00 per year.**

NAME .....
(Please type or write name in BLOCK LETTERS)

ADDRESS .....

**(If you are already a member please pass this invitation to a friend. Citizens' Group will bill you if you prefer not to enclose remittance.)**

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119698

5

Ottawa,
May 12, 1929.

Mr. Archie Campbell,
82 Frizzell Ave.,
Toronto, Ont.

Dear Mr. Campbell:

I just received your letter of 10th. Thank you for sending me copy of your letter to the Telegram, which I read with much interest.

Yours very truly.

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119699

Confidential - for the use of members only

Room 042, Union Station,
Toronto, Ontario,
May 12th, 1939.

CIRCULAR NO. 1268

UNITED STATES SENATE RESOLUTION
DEALING WITH POOLING OF
LESS THAN CARLOAD FREIGHT TRAFFIC

No doubt you are fully aware of the comprehensive study made about five years ago by the United States Federal Coordinator of Transportation, regarding the method of handling Less than carload freight by the railroads, and you have knowledge of the appointment of an Advisory Committee, consisting of United States Railway executives, appointed to deal with the same subject matter.

Although the United States Federal Coordinator of Transportation and the members of the Advisory Committee unanimously reached the conclusion that the railroads should, in their own interest, as well as in the Public interest, pool all less than carload traffic, because such traffic, it was alleged, was being handled in an unprofitable and wasteful manner to the railroads, and in an unsatisfactory and inefficient way in so far as the Public was concerned.

Senator Reed of Kansas, has introduced S.J. Res. 117, to provide for the pooling by the railroads of their less than carload freight traffic.

The United States Senator's resolution alleges that the railroads have not been able to agree amongst themselves on the method to be used in pooling all less than carload traffic, and it is, therefore, suggested in the resolution that Congress shall provide that on and after January 1st, 1940, it shall be unlawful for any common carrier by railroad, subject to the provisions of the Interstate Commerce Act, to handle its less than carload freight in any other manner than through a single agency created by all such carriers; subject to such regulations, rules and divisions of earnings amongst the participating carriers as shall be approved by the Commission.

It also provides that any employee displaced by the pooling of such less than carload freight traffic, shall be subject to the so-called Washington agreement, providing for employees displaced through coordination or other economy measures.

Your Committee will endeavour to follow the proceedings of this resolution and will report developments. In the meantime, we would respectfully suggest if you are interested in the matter that you should arrange to get a copy of Senator Reed's resolution which can be obtained through the United States Government Printing Office at Washington, at a nominal cost.

Respectfully submitted,

C. La Ferle,
President.

S.W. Mayhew, Chairman,
Special Railway Committee.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.19700

Confidential - for the
use of members only

Room 042, Union Station,
Toronto, Ontario,
May 12th, 1939.

CIRCULAR NO. 1268

UNITED STATES SENATE RESOLUTION
DEALING WITH POOLING OF
LESS THAN CARLOAD FREIGHT TRAFFIC

No doubt you are fully aware of the comprehensive study made about five years ago by the United States Federal Coordinator of Transportation, regarding the method of handling Less than carload freight by the railroads, and you have knowledge of the appointment of an Advisory Committee, consisting of United States Railway executives, appointed to deal with the same subject matter.

Although the United States Federal Coordinator of Transportation and the members of the Advisory Committee unanimously reached the conclusion that the railroads should, in their own interest, as well as in the Public interest, pool all less than carload traffic, because such traffic, it was alleged, was being handled in an unprofitable and wasteful manner to the railroads, and in an unsatisfactory and inefficient way in so far as the Public was concerned.

Senator Reed of Kansas, has introduced S.J. Res. 117, to provide for the pooling by the railroads of their less than carload freight traffic.

The United States Senator's resolution alleges that the railroads have not been able to agree amongst themselves on the method to be used in pooling all less than carload traffic, and it is, therefore, suggested in the resolution that Congress shall provide that on and after January 1st, 1940, it shall be unlawful for any common carrier by railroad, subject to the provisions of the Interstate Commerce Act, to handle its less than carload freight in any other manner than through a single agency created by all such carriers, subject to such regulations, rules and divisions of earnings amongst the participating carriers as shall be approved by the Commission.

It also provides that any employee displaced by the pooling of such less than carload freight traffic, shall be subject to the so-called Washington agreement, providing for employees displaced through coordination or other economy measures.

Your Committee will endeavour to follow the proceedings of this resolution and will report developments. In the meantime, we would respectfully suggest if you are interested in the matter that you should arrange to get a copy of Senator Reed's resolution which can be obtained through the United States Government Printing Office at Washington, at a nominal cost.

Respectfully submitted,

C. La Ferle,
President.

S.W. Mayhew, Chairman,
Special Railway Committee.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119701

O t t a w a,
May 12, 1939.

Mr. E. W. Nesbitt,
Woodstock, Ont.

Dear Mr. Nesbitt:

I was indeed pleased to get your letter this morning. You have the same forthright way of expressing yourself that you had when in the House.

You are absolutely right about the National Railway question, and I am not very far (if at all) out of sympathy with you in everything you say in this letter.

Will try to run in and see you next time I drive up to London. Do not very often drive now, as I find the train easier.

Kindest regards,

Yours sincerely,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119702

**EDWARD W. NESBITT**
INSURANCE BROKER AND
GENERAL AGENT

LIFE, FIRE, MARINE, ACCIDENT, AUTOMOBILE, PLATE GLASS,
BOILER, VALUATOR, ASSIGNEE, ESTATES MANAGED,
PROPERTY FOR SALE, MONEY TO LOAN

WOODSTOCK, ONT.

May 11th, 1939.

The Right Honourable Senator Arthur Meighen,
The Senate,
Ottawa, Ontario.

Dear Mr. Meighen:

I read, yesterday, your report on the Railway situation. I was very pleased to see that you were taking an interest in the question, because if you turn your mind to it, shrely something will be done to rectify the present situation. It is absolutely impossible, with the country in its present condition financially, for us to pay that loss. Your answer to the various points raised was excellent.

I was extremely sorry that you or Bennett were not chosen again as leader. I am sorry, but I cannot have any use for Manion. He is a vote hunter for the mob, which will not put this country in the position it should be. That is King's trouble - too much mob rule. To carry on the Railway question as it is, and spend $12,000,000 on that hole in Montreal, is too absurd for rational men.

I would like to say that I am in accord with that Globe man, in advising the multitude to vote for the man, regardless of the party. I hope before another election, we can get the multitude to see it that way.

Personally, and strictly personally, I was very disappointed with the last Conservative meeting, which was silly ass politics with no regard to the business welfare of the country.

Hoping to see you if you are coming through any time, I am,

Yours truly,

E W Nesbitt K.

EWN/PC

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119703

5

Ottawa,
May 12, 1939.

Personal

The Editor,
Daily Sun Times,
Owen Sound, Ont.

Dear Sir:

I hope you will permit me to compliment you on the leading editorial in your issue of 6th May, headed "Railway Amalgamation should be made an Election Issue." It is most encouraging to see that some at least of our newspapers are beginning to realize the seriousness of Canada's railway and general financial position.

I am sending you herewith copy of the report which I read to the Special Railway Committee the other day and which will be presented to the House, probably this afternoon.

Kindest regards,

Yours very truly,

AM/E.
Encl.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119704

THE SENATE
CANADA

New Glasgow, N. S.,
May 13th, 1939.

Rt. Hon. Arthur Meighen,
The Senate,
OTTAWA, Ont.

My dear Chief:-

I yesterday read with much interest your argument for unified management of the Canadian Pacific and Canadian National Railways, and I am in thorough accord with your view in regard to this most important question, and only regret that due to my doctor's advice and enforced absence from the Senate, I was unable to support you at least as well as I could while the matter was before the Senate.

With every good wish, believe me,

Sincerely yours,

TC:B

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119705

Ottawa,
May 15, 1939.

Mr.Allan McPherson,
Orillia, Ont.

Dear Mr. McPherson:

I have your letter of 12th and appreciate very much the views you have expressed. If you will write me to Ottawa about the 23rd instant, I think I will be able to get you a full copy of the special report which I prepared. It will then be printed in Senate Debates.

Public opinion is moving without doubt in favour of saving many millions now wasted in our Railways. If it does not move rapidly, it will be a bad day for Canada.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PHONE ORILLIA 669W

119706

# ALLAN McPHERSON

ORILLIA, ONTARIO,
CANADA

May 12, 1939

Hon. Arthur Meighen
Senate,
Ottawa, Can.

Dear Sir;-

Have seen paper reports of your endeavour to have unification of our Railways. I am sure in this section of Ontario 90 % of the people outside the Railway Employees would vote for unification or one Management and take Control out of Politics.

In this Town of a population between 8,000 and 9,000 we have three Town Railway Offices, one C.P.R. and two C.N.R. with three Express Trucks and men besides the ~~station~~ staff at the Railway Station, all drawing good salaries. One office for express and telegraph would be amply sufficient.

I have been doing business with Railways for many years, first the Northern & Midland Railway, then the Grand Trunk took this over, then when the Government took over these roads the staff at many stations was doubled and wages raised and hours of work cut down. In small stations Agents in former times were on duty ten and twelve hours aday, which were cut down to ~~twelve hours a day~~ eight hours, and if necessary to work any longer were paid double the amount or wages. The Railway is not run on business lines, no business could pay its way with the extra employees kept on, and our Country is taxed to make up the loss. Something should be done to save the great loss. We are spending large sums in making good roads and highways for trucks and busses, to kill the Railways.

I hope you can do something and wish you all Success.

Yours truly,

AM/B.

Allan McPherson.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119707

Ottawa,
May 15, 1929.

Ray Lawson, Esq.,
Lawson & Jones Limited,
London, Ont.

Dear Mr. Lawson:

I thank you very much for your letter of 12th.

This Session has to me been a rather discouraging one at Ottawa. Senator Dandurand, whom personally I like very much, and whose handling of his work generally I admire, has allowed himself to become far too much the agent of his Party in the Senate this Session.

To take the other course has brought me into a lot of criticism, but, after giving long years of attention to Canadian Railway troubles, and after two Sessions of intensive study, I have not the least doubt the line of action recommended in the report which I prepared is correct.

I am enclosing a copy of this report in full. If it could be got into a paper at London, it would be a real service. What is needed is public support. This is coming, but could be made to come a great deal faster.

Very sincerely yours,

AM/E.
Encl.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L.I 9708

LAWSON & JONES LIMITED
LITHOGRAPHERS, PRINTERS
FOLDING BOX MANUFACTURERS
LONDON ▼ CANADA

FROM THE OFFICE
OF THE PRESIDENT

May 12 1939

Rt.Hon:Arthur Meighen,K.C.,P.C.,
Senate Chambers
Ottawa

Dear Senator:

It was a great disappointment to many Canadians that Dandurand's report was adopted. This report certainly does not go far enough.

It is most unfortunate that politics play such an important part in the business of running our Country.

Your proposals are certainly along the right line and the members of both parties who are at present opposing it will eventually regret their present action. While co-operation appears to be the only course at present, yet eventually there will have to be unification,and the sooner it comes the better for all of us.

Liberals and Conservatives all over the country admire your stand and a great many are one hundred percent behind you. We appreciate the enormous amount of work you have done, and are doing, and if you keep it up I predict that within a couple of years you will be successful, and your name will go down in history as having accomplished something worth-while.

Sincerely yours

Ray Lawson

n

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119709

Ottawa,
May 20, 1929.

Prof. W. T. Jackman,
Department of Political Economy,
University of Toronto,
Toronto, Ont.

Dear Professor Jackman:

I appreciate keenly indeed your letter of 18th. It shows a firm and comprehensive grasp of the present situation. I am inclined to think the feeling of Canada is becoming serious on this Railway subject, and I am quite certain it is time it did become serious. I have put your name down for a full copy of the report which I will be recommending to Parliament next week.

Yours very truly.

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119710

Personal

University of Toronto

DEPARTMENT OF POLITICAL ECONOMY
273 BLOOR STREET WEST
TORONTO, CANADA

May 18, 1939.

Rt. Hon. Arthur Meighen,
Senate of Canada,
Ottawa, Ontario.

Dear Mr. Meighen:-

May I convey to you my grateful appreciation for the excellent service which you have rendered this country in the report you made a few days ago regarding the Canadian railway problem? It takes real courage, as well as ample knowledge and vision, to differ so radically with your associates in the Senate and to present this problem in its basic elements, with the fundamentals of a future policy which will contribute to the upbuilding, rather than the destruction, of our economic welfare. When I read the majority report, I could not but realize that those who signed it had failed egregiously in the kind of service expected of them; but when I read your minority report I could not but be thankful that we have a few men in the public life of the country who have the ability to thoroughly comprehend the facts, the courage to change their mind in the face of realities, and the will to subject political considerations to national well-being.

I have given many addresses over many years to clubs, business forums, and other organizations of business men, and I can assure you that the presentation of unified management, when made clearly and without regard to personal, political and sectional interests, invariably commands the confidence and adherence of all thoughtful men. I hope you may long continue your good work and that you will soon see its fruit.

With the sincere good wishes of your classmate of '96,

W. T. Jackman.

O P McKeson

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119711

Ottawa,
May 20, 1939.

Mr. C. Stirling Smith,
President,
The Sterling Steel Co. Ltd.,
St. Thomas, Ont.

Dear Mr. Smith:

I have your letter of 16th. It would do harm if I were to make any suggestion to an official of the Canadian National Railways. That is, it would do harm as respects the party on whose behalf I was writing. If you wish to take it up with the Canadian Pacific, I have no particular stand there, but I feel sure they would be glad to look into the device, and I would think they would be just as interested as the Canadian National.

You might let me know as to this, and tell me at what point they could make their investigation.

Yours very truly,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119712

J.WILKOFF
CHAIRMAN OF BOARD

C.STIRLING SMITH
PRESIDENT

A.COOPER
VICE-PRESIDENT

J.N.LINDSAY
SECRETARY-TREASURER

STERLING SERVICE

# The Sterling Steel Company
Limited

PHONE 2408

St.Thomas, Ontario

May 16th., 1939.

The Right Honourable Arthur Meighen,
The Senate,
OTTAWA, Ontario.

My dear Senator: RE: Automatic Train Stop.

Two gentlemen in St. Thomas have invented an automatic train stop, which they are anxious to have tested out by the Canadian National Railway System, at their London, Ontario Division.

The device is quite simple and is made of solid steel, which when the electric current is completed or broken, which ever is desired, will automatically pull the emergency brake on the locomotive and bring it to a stop automatically. This brake cannot be released until such time as the air pressure is taken off by the engineer. In order to operate the device it would be necessary for the railway track to be electrified or blocked so that the signal can be picked up by the electrical device and transmitted to the safety device on the locomotive, which as stated before works automatically. The cost of the device is very nominal and is claimed to be superior to any block system now in operation. It will not permit the train to run through an open switch.

Would it be possible to have the railway commissioners permit these gentlemen to try out this and see if it will actually do what they claim?

If you will kindly put me in touch with the proper people, it will be greatly appreciated.

Yours very truly,

C.Stirling Smith

CSSMITH/W

President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119713

Ottawa,
May 20, 1929.

Mr. William P. Hinton,
34 Rowanwood Ave.,
Toronto, Ont.

Dear Mr. Hinton:

I appreciate keenly indeed your letter of 13th. It shows a firm and comprehensive grasp of the present situation. I am inclined to think the feeling of Canada is becoming serious on this Railway subject, and I am quite certain it is time it did become serious. I have put your name down for a full copy of the report which I will be recommending to Parliament next week.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

117214

WILLIAM P. HINTON
34 ROWANWOOD AVENUE
TORONTO 5, ONTARIO

May 13, 1939.

Rt-Hon. Arthur Meighen,
The Senate,
Ottawa.

Dear Mr. Meighen:

May I add my congratulations to you in your most able plea for the unified management of the Canadian National and Canadian Pacific Railways?

The safeguards to the plan proposed by you seem to me to be ample for this time, backed by my long experience and constant study of the fundamentals of rail and water transport; it is now too late, in my opinion, to hope for any substantial improvement in the affairs of the Canadian National Railways, or to materially lessen the burden on the public, and without any public interest served that joint management would not do better and seems by far the better alternative .

It is to be sincerely hoped that your endeavor to induce the political leaders to abandon outworn platitudes and fearsome bogies of disaster by unification of management, to face reality and with ability to impose obvious safeguards, will go a long way to avert the palpable danger of disaster to business and enterprise of all kinds. Morale is fading in classes far removed from the unfortunate out-of-works', both, I am afraid from the same causes. Besides, public sentiment as reflected by the Press generally, is changing rapidly, Government propaganda is distrusted as well as political honesty in these times of stark realities.

With many thanks for your enlightened leadership,

I am,

Sincerely yours,

W. P. Hinton

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119715

O t t a w a,
May 20, 1939.

Mr. Ernest J. Caswell,
485 Telfer St.,
Winnipeg, Man.

Dear Mr. Caswell;

I have your letter of 12th and thank you very much for the suggestion you have made. Of course, it will probably some time yet before anything in the way of negotiation of an agreement for unified management can be entered into. Should it be possible for me to influence the situation then, I would indeed be certain to keep your suggestions in mind.

Yours very truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119716

Ottawa,
May 20, 1939.

Mr. Douglas S. Laidlaw,
56½ Adelaide St. E.,
Toronto, Ont.

Dear Mr. Laidlaw:

I appreciate very much indeed your letter of 17th instant. It shows a firm and comprehensive grasp of the present situation. I am inclined to think the feeling of Canada is becoming serious on this Railway subject, and I am quite certain it is time it did become serious. I have put your name down for a full copy of the report which I will be recommending to Parliament next week.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0 19717

DOUGLAS S. LAIDLAW, B.A.Sc.
STRUCTURAL ENGINEER
56½ ADELAIDE STREET EAST
TORONTO 2
TELEPHONE ELGIN 5072

ASSOCIATE MEMBER:
ENGINEERING INSTITUTE OF CANADA.
AMERICAN SOCIETY OF CIVIL ENGINEERS.
MEMBER:
ASSOCIATION OF PROFESSIONAL ENGINEERS
OF ONTARIO.

May 17th, 1939

Rt. Hon. Arthur Meighen,
Parliament Buildings,
Ottawa, Ontario.

Dear Mr. Meighen:

In an editorial in the Evening Telegram, today, mention is made of the report of the Senate committee on Railways, and of your own minority report.

According to that editorial, you have said some things in your report that very much needed saying. As I have felt, for some years, that our railway problem required courage, more than anything else, for its solution, I am delighted to find you tackling the matter in that spirit. I do not think that you will find, however, that the courageous solution of the railway problem is unpopular in the country as a whole. Even railway men seem sick of deficits today.

I should very much like to read these reports, however, in full, and, as I do not know just whom to apply to for them, I am asking you to have copies sent to me.

Yours very truly,

Douglas Laidlaw

o/ P Nickerson

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119718

O t t a w a,
May 20, 1939.

Dr. J. A. Wright,
384 Dufferin Ave.,
London, Ont.

Dear Dr. Wright:

I am pleased indeed to acknowledge your very kind letter of 11th May.

It would certainly appear that public opinion is at last beginning to become serious in relation to this Railway problem. Without question the time for such seriousness is overdue. Have put your name down for a copy of the report which I prepared.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J. A. Wright, M.D.
385 Dufferin Ave.

119719

London,
Ontario

May 11/39

Rights Honorable A. Meighen.
Senate Chambers
Ottawa Ont.

Dear Sir.

As a life long liberal I wish to thank you for bringing railroad situation into open honesty.

Many of our statesmen have became so politically minded that they have ceased to be even our politicians. I think they are rating intelligence of Canadian people too low.

Respectfully Yours
J. A. Wright

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119720

Ottawa,
May 20, 1939.

Mr. K. D. Southcott,
Recording Secretary,
Canadian Brotherhood of Railway Employees,
London, Ont.

Dear Sir:

I duly received your letter of 16th instant and have noted carefully your representations regarding the Railway situation.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119721

FORM 121—10M-20-5-38

# *Canadian Brotherhood of Railway Employees*

AFFILIATED WITH THE ALL-CANADIAN CONGRESS OF LABOUR AND THE INTERNATIONAL TRANSPORTWORKERS' FEDERATION

" Forest City " *Division No.* # 96

*Address of Writer:*

3 Lyndhurst Place, London,

*Date*

May 16, 1939.

Senator Arthur Meighen,
The Senate,
OTTAWA, Ont.

Dear Sir:-

Recent newspaper reports indicate that the Government Leader Senator Raoul Dandurand has introduced a Bill suggesting that in the event of co-operation and co-ordination of our two great railway systems, the employees laid off through such schemes be compensated to the extent of sixty percent of their wages based on the previous years salary and on a graded bases, allowing for years of service.

Local No. 96, C.B.R.E. comprised of over two-hundred and fifty members in the City of London, and one of two-hundred and seventy locals throughout the Dominion, after serious consideration, instructed me to forward the following resolutions.

Whereas- the proposed co-operation or co-ordination of our two great Railway systems will bury the identity of the Can. National Railways which the present government stoutly maintained they would never allow.

And whereas- the proposed co-operative or co-ordinating measures will in way alleviate the present so called C.N.R. deficit which would still be a governmental debt even if the two Railway systems were amalgamated and would reduce the purchasing power, so badly needed in other trades and industries.

And whereas- the proposed compensation will in no way provide employment for those affected and among the lower paid classes of Railway Employees will not constitute as much as they would receive in relief.

And whereas- this proposed Bill aggravates the present unemployment situation particularly amongst the youth of our Country, who are placed in an almost intolerable position to-day.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L 19722

FORM 121—10M-20-5-38

# *Canadian Brotherhood of Railway Employees*

AFFILIATED WITH THE ALL-CANADIAN CONGRESS OF LABOUR AND THE INTERNATIONAL TRANSPORTWORKERS' FEDERATION

_____ *Division No.* _____

*Address of Writer:*

*Date*

And whereas- a scheme of this nature only fill the ranks of the unemployed and eventually saddles the taxpayers of this Dominion with a greater burden of taxiation, although the present one is almost unbearable.

And whereas- no government should through legislation assist in the detioration of this Great Dominion by creating a monopoly of Transport.

Be it therefore resolved- that Local No. 96, C.B.R.E., City of London, go on record as being unaminously and absolutely opposed to any such form of compensation for employees affected t through co-operation or co-ordination.

And that this Government instead of attempting further co-operative or co-ordinating measures, cause the C.P.-C.N. Act of 1933, to be repealed and the two Railways stand as straight competitors.

And be it further resolved that if this ~~g~~ Government see fit to entertain this Bill in the House, providing it is recommended by the Senate, that this local use every means at it's disposal to oppose the same.

And be it further resolved that in the opinion of this local, it would be to the advantage of this Dominion and to the Taxpayers to ammend the B.N.A. Act to abolish the Senate, which has spent so much of the Taxpayers money in attempting to place our Dominion in an unfavourable and untenable labor position.

Yours sincerely,

K. D. Southcott

Recording Secretary.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.19723

1
5

Ottawa,
May 21, 1939.

Mr. John R. Garden,
Wolseley, Sask.

Dear Mr. Garden,

I have your letter of 17th which I have read with interest. With the general principles you advocate I am in full accord.

Mr. Fess is hard at work as Manager of Canadian General and Toronto General Insurance Companies. No doubt the difficulties of making any kind of a success of Companies labouring under the present level of taxation are such that Mr. Fess finds very little time for outside activities.

With kindest regards.

Yours very truly,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L 19724

**John R. Garden & Co.**

INSURANCE --- REAL ESTATE --- FINANCIAL BROKERS
NOTARY PUBLIC

**Wolseley, Sask.**
CANADA

May 17th, 1939

The Hon. Arthur Meighen,
The Senate,
House of Commons,
OTTAWA, Ontario.

Dear Mr. Meighen:

I notice with great interest an article in the Winnipeg Free Press relative to immediate immigration to Canada of European refugees and British, advocated by yourself and others, and it has evoked favorable comment. I congratulate you on your action in this matter. The time is undoubtedly ripe for a movment of this sort as Canada could easily absorb twice her present population, providing a fair amount of capital comes with them.

Many of our major problems would be solved if this transpired, chief of which would be the railway situation, and, with a population such as you mention, there would be very little of our primary products needed for export. Consequently, in a domestic market, much more satisfactory prices could be maintained.

The objective of Canada in or about the year 1904 was placed at 20,000,000 population by 1925, and our public services were all built up with that idea in mind. Unfortunately the Great War put a stop to immigration, but it did not stop the building up of our Public Services. Therefore, the only solution to our financial difficulties is a very much larger population, with greater development of our natural resources which would give a large amount of employment. Unless something like this developes in the near future, we will continue on the down grade, particularly in Western Canada.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L19725



I have been associated for some years with Brigadier-General Hornby, of Lethbridge, in advocati ng British Immigration to Canada. The very large foreign element, in the Province of Saskatchewan particularly, might be detrimental in the near future. The General, Mr. G.C. Neff of Grenfell, and I have done some very good work but are now at a standstill and the reaction of those who should be strongly behind such a movement has been one of indifference.

The proposition outlined by you will naturally alarm the timid ones in Canada. A large percentage of our population are of this nature and they conjure up all sorts of excuses to keep immigration out, their usual cry being that it will create unemployment. They do not get the vision of a larger population keeping industry going and eating our primary products.

Mr. W.P. Fess, whom I believe is associated with you, is an old friend of mine. He and I have discussed the matter of immigration many times but, like many others who are sympathetic to a scheme, he does not make it his business to get out and do something.

I sincerely hope that your efforts will be crowned with success and no doubt the organization to which I belong will have some little part to play in actually helping to settle the people.

Trusting you will not think me presumptuous in making these remarks, I am

yours sincerely

John R Garden

(John R. Garden)

JRG.H.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119726

Bon Air, Ont. May 22nd 1939

Senator A. Meighen M.P.,
Ottawa, Canada.

Dear Sir;- I dont have your address in detail, I am back in the woods. I notice your attitude on the railroads & will ask you to lend me your ears.
A partial introduction who I am. On May 22nd 1889 I was married by the late Rev. John Mutch of Chalmers Church of Toronto. Would like to & have been acquainted with you when you were there. Next Monday May 22 1939 is the Golden Wedding. Not much gold. I like Mr Mutch. I kept a grocery store & had a nice little cream colored horse & nice delivery wagon & Mr Mutch often rode round the streets & talked with me. Here is a quotation he used. "The working man is crushed almost out of human recognition"
I have lots things I would like to talk about with you, seeing you are in office, Okipe the C.P.R. off the map. Confiscate the equipment. The public have already paid for it- far more than it is worth. All human works crumble & decay & the C.P.R. is not worth anything like what it cost & build it. Those who 'invested' in bonds & stocks have invested & lost. Just as a man invests in a building & the building decays. How can any honest man tax wealth producers & pay those bond holders. Steal from the necessary successful worker & pay it to the speculator. Ridiculous.
It might be wise to wipe out 1/2 the C.N.R. Excessive transportation impoverishes Canada. You will have noticed a young farmer with his fancy horses & carriage goes to town often & neglects the farm & finally loses the farm. What right has the C.P.R. with tourist trade & put all small men out of business? Competition is the life of trade. But to give the C.P.R. 7,000,000 of the peoples money for new equipment is ridiculous. How dont give 7,000,000 to those who already have an established tourist trade. If more common sense is desired I am at your service.

Yours truly, W. A. Elder.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0.19727.

You as a preacher will know that it is perverted gov. that is the cause of present ills. "When the righteous are in authority the people rejoice but when the wicked beareth rule the people mourn"
Men could marry on $5-0 cents these times succeed if not hindered by perverted gov. every thing works automatically if not legislated against, causing periodical depressions & misery.
I cannot conceive of any such a thing as unemployment. I know and I know that I know. Should you not know & dont know that you dont know and further dont want to know like a great many that are in office, there would be little use me wasting time writing I desire very much to meet an energetic pusher of intelligence instead of having any thing to do with money grabbers. "The love of money is the root of all evil"
Would like to talk with you on wiping out the temperance movement dont suppose I spent a dollar on any sort of liquor for 15 years or even 30 years. But I recognize that "Wine was made to make men glad" While temperance people evidently aim to make men sad.
About 55 years ago I could see disaster coming. One person eating up the other must come to a climax, & I had to take all sorts of bluff from all sorts of people like Noah being so foolish as to build a ship on dryland. A looking glass could not reflect the situation any plainer.
Ottawa intelligence makes the people feed the railroads. Any intelligence would make the railroads feed the people. Now don't go with the money grabber.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

(3) 119728

May 16th 1939

I am adding a few more lines before sealing the envelop. I cannot make myself believe that a man who preached in Chalmers Church could ever have a conscience so calloused that he would not listen to the truth. But one never knows what might happen in Ottawa company. It might take an earthquake to turn Ottawa right side up. Prepare yourself for drastic action if you would have Canada a desirable place to live in. "Behold the hire of the laborer who has reaped down your fields, which is of you kept back by fraud" etc. There are Billions of money in insurance companies that should not be there, a very small percentage of the premiums paid in ever go back to the policy holders. Why not give people a chance to earn their own living? There is no sense in keeping those parasites in luxury, before getting a dollar for your own private use.

Look at the city st cars gathering up the last coppers that it is possible to get hold of. Free st cars would eliminate a lot of unnecessary labor. (I am only touching on subjects) it makes a big difference who pays the taxes for public revenue. Shifting the taxes on to the otherfellow has become consecuenc proof.

Without privilege from perverted gov. Chain Stores would crumble. Before the war they would not buy from a Canadian traveller. After war started they removed Made in Germany labels & added Made in Canada. How could Canadian factories live on that generous treatment? Why can't you take as drastic action as those people do?

Don't fine a young man for building his home calling it revenue! Take public revenue for public purposes & let the private individual use his own earnings for his own private use. Pay for what you get & get what you pay for is honest policy. Abolish indirect taxation & wholesale fraud.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.I 8729

Imagine dry goods stores selling cloth 85-% wool (it is woolen rags chewed up & if it was virgin wool they chew it up so it wont wear to long) & I suppose the other 15-% is to hold it together until it is sold. Free competition produces quality when not legislated out of existence & Supply & Demand regulates prices if not hindered by legalized bandits. Exercise Drastic Action.
Sometimes stovepipes are made so flimsy that they wont last 2 weeks often they fall to pieces & burn down houses & sometime the people in them. Within 2 miles of where I am now writing a child was burned & death in its crib & the parents did not even find a bone of it. The house was a total loss. It is hard to convince those who dont want to hear, but I have a better opinion of a presbyterian.
I would like to talk to 20.000 people & debate with your whole parliament staff & allowed free speech.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119730

THE SENATE
CANADA

Office of the Hon.C.P. Beaubien,
84 Notre-Dame St. West.

Montreal, May 22, 1939.

Right Hon. Arthur Meighen, P.C.,
Leader of the Opposition,
The Senate,
Ottawa, Ont.

My dear Leader:-

Senator Dandurand suggested first and then firmly promised that the reports of the Senate Railway Committee will not be dealt with before Wednesday afternoon. As it is more convenient for me to stay here tomorrow night, I shall only arrive in Ottawa Wednesday noon when, of course, I will be prepared, if required, to proceed in submitting and supporting our own report.

You will receive this letter tomorrow morning and if anything requires my presence tomorrow evening, please advise me forthwith by phone - Lancaster 5790.

Very sincerely yours,

C. J. Beaubien

CPB-AG

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PHONE ORILLIA 669W

ALLAN MCPHERSON

119731

ORILLIA, ONTARIO,
CANADA

May 24, 1939

Hon. Arthur Meighen
Senate
Ottawa, Can.

Dear Mr. Meighen;-

I have yours of the 15th. and thank you for it. I note you say if I write you about the 23rd. you would be able to send me a copy of the special report you prepared on Railways. May just say the Public are beginning to talk Railway a good deal, but it will take a little time to educate them to it.

Thanking you.

It might pay better to
Hunt work producing R.R. Men on Relief
than at present Salaries

Yours truly,

Allan McPherson.

AM/B.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119732

W. S. DINGMAN
460 ORIOLE PARKWAY
TORONTO 12
ONTARIO

Toronto 12, May 25, 1939

Right Hon. Arthur Meighen,

Senator, &c., Ottawa.

Dear Mr. Meighen,---

Meeting you on Yonge-st. a few days ago, on my complimenting you on your attitude on the railway situation, you kindly offered to send me some printed documents thereupon if I would write to remind you.

That is the purpose of this note, and I am sure many Canadians like yourself are concerned over the policy of mere drift which seems togovern us at present and with scant chance of a change soon. Sometimes I think you will yet be conscripted again for the Prime Ministership, notwithstanding your reluctance. With best respects,

Yours faithfully,

W. S. Dingman

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J.19733

O t t a w a,
May 25, 1939.

Mr. Wm. P. Buckley,
Halifax, N. S.

Dear Mr. Buckley:

I have your letter of 22nd. Need hardly tell you that I am always glad to get word from you. It brings back memories.

Thank you very much indeed for what you say as to our work here. We will keep it up.

Yours very truly,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.19734

Halifax, May 22, 1939.

Rt.Hon. Arthur Meighen,
The Senate of Canada,
Ottawa, Canada.

Dear Senator Meighen:

Please accept my heartiest congratulations on the magnificent stand you have taken in regard to the unification of our great railway systems. This fair Dominion needs men of your calibre and stamp to let us know where we are drifting and where we are going to end. Your pictures and speeches, which I have read in the Montreal Star with great interest, have absolutely been the redeeming features of this closing session of the House.

Yours very truly,

William P.Buckley

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

# CANADIAN PACIFIC TELEGRAPHS

C.D. 2X

| CLASS OF SERVICE | |
|---|---|
| Full Rate | |
| Day Letter | |
| Night Message | |
| Night Letter | |

Please mark an X opposite the class of service desired.

MONEY TRANSFERRED BY TELEGRAPH TO PRINCIPAL POINTS IN CANADA AND THE UNITED STATES

CABLE CONNECTIONS TO ALL PARTS OF THE WORLD RADIOGRAMS TO SHIPS

| | |
|---|---|
| NUMBER 7735 | |
| CHECK | |

W. D. NEIL, General Manager of Communications, Montreal

Send the following message, subject to the conditions on the back thereof, which are hereby agreed to.

OWEN SOUND, ONTARIO MAY 26 1939

RT. HON. ARTHUR MEIGHEN
OTTAWA ONTARIO

WE AND MANY OTHER THINKING CANADIANS ADMIRE YOUR NON POLITICAL STAND ON UNIFICATION AS SOMETHING CONSTRUCTIVE TO SOLVE RAILWAY PROBLEMSM REDUCE TAXES AND MAINTAIN VALUE RAILWAY SECURITIES SO WIDELY SPREAD AROUND ALTHOUGH WE HAVE NONE SINCERELY HOPE YOU KEEP RIGHT ON WITH THE KIGHT FIGHT FOR THE GOOD OF THE COUNTRY

D J KENNEDY PRESIDENT
T DOWSLEY KENNEDY VICE PRESIDENT
THE WM KENNEDY & SONS LIMITED

TDK/lmg12.00 noon
CHG.

CONFIRM

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J. 19736

Ottawa,
May 26th,
1939.

Mr. W. S. Dingman,
460 Oriole Parkway,
Toronto 12, Ont.

Dear Mr. Dingman:

I thank you for your enquiry of 12th and am sending you herewith copy of the report prepared by myself and signed by nine members of the Special Committee on Railways, and also copy of a speech I made in the Senate yesterday on the question.

Yours very truly,

AM/E.
Encl.

Also sent
personal copy

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119737

O t t a w a.
May 26th.
1 9 3 9.

Mr. D. J. Kennedy,
President,
Wm. Kennedy and Sons Ltd.,
Owen Sound, Ont.

Dear Mr. Kennedy:

Many thanks indeed for your very kind telegram of today commending my stand on the Railway question.

I have pleasure in sending you herewith copy of the report prepared by myself and signed by nine members of the Special Committee, and also copy of a speech I made in the Senate yesterday on the subject.

Yours sincerely.

AM/E.
Encl.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

7-38.

# CANADIAN PACIFIC TELEGRAPHS

DIRECT CONNECTION WITH
POSTAL TELEGRAPH - CABLE CO.
COMMERCIAL CABLES - - IMPERIAL CABLES

MONEY TRANSFERRED BY TELEGRAPH

C.D. 1M

*This is a full-rate Telegram or Cablegram unless otherwise indicated by signal in the check or in the address.*

| TELEGRAM | | CABLEGRAM | |
|---|---|---|---|
| FULL RATE | | FULL RATE | |
| DAY LETTER | DL | CODE | CDE |
| NIGHT LETTER | NL | DEFERRED | LC |
| NIGHT TELEGRAM | NM | NIGHT CABLE LETTER | NLT |

W. D. NEIL, GENERAL MANAGER OF COMMUNICATIONS, MONTREAL.

CALL LOCAL 483
for M[illegible]
Canadian Pacific Telegraphs
House of Commons.

10 WA GB 56 DL DL 6 EX STANDARD TIME

OWENSOUND ONT MAY 26TH 1939 1209PM,

RT. HON. ARTHUR MEIGHEN,

OTTAWA ONT.

WE AND MANY OTHER THINKING CANADIANS ADMIRE YOUR NON POLITICAL STAND ON UNIFICATION AS SOMETHING CONSTRUCTIVE TO SOLVE RAILWAY PROBLEMS REDUCE TAXES AND MAINTAIN VALUE RAILWAY SECURITIES SO WIDELY SPREAD AROUND ALTHOUGH WE HAVE NONE SINCERELY HOPE YOU KEEP RIGHT ON WITH THE FIGHT FOR THE GOOD OF THE COUNTRY.

D. J. KENNEDY.

1243PM

PRESIDENT T DOWSLEY KENNEDY VICE PRESIDENT
THE WM KENNEDY AND SONS LTD.

19738

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119739

Ottawa,
May 26th,
1939.

The Rt. Hon. Lord Queenborough, G. B. E.,
Camfield Place,
Hatfield, Herts.,
England.

My dear Lord Queenborough:

I have been now about two weeks steadily in Ottawa and, indeed, home very little for quite a longer time. I have been thinking of writing you and should have done so, ever since the visit of Their Majesties to Ottawa.

You may rest assured that the visit of the King and Queen has been of tremendous importance to this country, and, further, the success they have made of every occasion is really remarkable. Naturally the newspapers make the most of all events, but you can take it from me that it is impossible to exaggerate the skill, dignity and graciousness with which the Royal pair have conducted themselves. For myself, I never expected such an effect could be produced as undoubtedly has been produced.

There is a lot of criticism here of the conduct of the Government and especially of Mr. MacKenzie King. He has not exercised the care always to the fore in England in using such oppertunities to ingratiate the Throne with all sections of public opinion. I am afraid it must be said that he has sought to make the whole visit a Liberal pageant, and especially a MacKenzie King pageant. This is unfortunate, but it is equally true that full recompense has been made by the extraordinarily acceptable conduct of Their Majesties themselves. That conduct indeed has been past admiration. Nothing will be said of the other feature until at least they return, and I hope, myself, very little is said then.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119740



The Rt. Hon. Lord Queenborough, C. B. E.
Ratfield, England.

Just lately I have been working under very great pressure at Ottawa. I do not suppose you will be interested to read very much of what I send you, but there will accompany this letter, first, a report prepared by myself and signed by nine members of a special committee which has sat for two Sessions hearing evidence on the subject of our Railway deficits. I am sending as well a speech I made in the Senate yesterday on the question.

Very shortly now I will be at Toronto, and there quite continuously for the summer, unless, of course, I am able to get across the water.

I have read your article in the St. George's pamphlet and with sincere interest and appreciation, as I always do.

Very sincerely yours,

AM/E.
Encl.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

7-38

# CANADIAN PACIFIC TELEGRAPHS

DIRECT CONNECTION WITH
POSTAL TELEGRAPH - CABLE CO.
COMMERCIAL CABLES - - IMPERIAL CABLES

MONEY TRANSFERRED BY TELEGRAPH

C.D. 1M

*This is a full-rate Telegram or Cablegram unless otherwise indicated by signal in the check or in the address.*

| TELEGRAM | | CABLEGRAM | |
|---|---|---|---|
| FULL RATE | | FULL RATE | |
| DAY LETTER | DL | CODE | CDE |
| NIGHT LETTER | NL | DEFERRED | LC |
| NIGHT TELEGRAM | NM | NIGHT CABLE LETTER | NLT |

W. D. NEIL, GENERAL MANAGER OF COMMUNICATIONS, MONTREAL.

6WA MA 28 STANDARD TIME

BA TORONTO ONT 26 1059A

RT HON SENATOR ARTHUR MEIGHEN

OTTAWA

CONGRATULATIONS ON TIMELY AND COURAGEOUS RAILWAY STAND STOP DONT FORGET TO SEND GEORGE MCCULLAGH TELEGRAM OF SYMPATHY STOP HOPE YOU WILL BE HERE TO ATTEND FUNERAL TOMORROW AFTERNOON

HERBERT A BRUCE

1115AM

CALL LOCAL 483
for MESSENGER
Canadian Pacific Telegraphs
House of Commons.

D 19740

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119742

O t t a w a,
May 29, 1939.

Mr. W. Madeley Crichton,
Crichton, McClure & Co.,
Canada Permanent Bldg.,
Winnipeg, Man.

Dear Mr. Crichton:

Thanks very much indeed for your very kind letter of 25th.

I have asked that a copy of what is described as the "alternative" report--that is, the one favouring unified management--be sent you, as well as copy of the speech I made in the debate on the subject last week.

Awfully glad to hear from you again. Hope you are real well.

Yours sincerely,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0.19743

CRICHTON, McCLURE & CO.

BARRISTERS, SOLICITORS, Etc.

W. MADELEY CRICHTON
ROLAND W. McCLURE

CANADA PERMANENT BUILDING
296 GARRY ST.
WINNIPEG, CANADA

25th May, 1939

Rt. Hon. Arthur Meighen K.C. P.C.
Ottawa
"

My dear Arthur,

Your address on Railway Unification is prominently referred to in to-days' "Free Press." I want to congratulate you on the views you express. It seems to me to be an approach to a saner view of this question.

Yours sincerely
W. Madeley Crichton.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119744

Ottawa,
May 29, 1939.

Mr. C. W. Peterson,
President and Publisher,
The Farm and Ranch Review,
Calgary, Alta.

Dear Mr. Peterson:

I appreciate very highly indeed your letter of May 23rd. Have read with care also the editorial, proof of which you were good enough to send me.

As a matter of fact, I should have written earlier to express my indebtedness to you for the very admirable presentation you made to our Committee. There was all the difference in the world between the calibre of your analysis of the situation and that of 95% of the evidence before us.

I am becoming convinced that the cause of Railway rationalization has made more progress among our people than is generally believed. About all one sees in the press now in opposition is the assumption, often boastfully proclaimed, that unified management has not popular support. I am very disappointed that the Ottawa Journal in particular should keep harping on this instead of trying to accomplish sometning by disseminating facts for the public. The Toronto Star mumbles along in the same tune.

You make a note in the margin of the editorial enquiring whether the additional annual outlay we are under for money borrowed to pay Railway deficits and assist the C. N. R. generally is included in the report. It is not, except to the extent it is covered in the paragraph you quote in your editorial. However, in my speech on Thursday I emphasized this feature quite strongly. Will see that you are sent a copy of the speech which is being printed.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0.119745



Mr. C. W. Peterson,
Calgary, Alta.

I do wish we could have got Senator Riley's vote. I think he felt like voting with us, because he has great confidence in your judgment.

Yours very truly,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

9746

# The Farm and Ranch Review

OFFICE OF THE
PRESIDENT AND
PUBLISHER

GRAPHIC ARTS BUILDING
*Calgary,*
CANADA

May 23rd, 1939.

Rt. Hon. Arthur Meighen, P.C., K.C.,
The Senate,
Ottawa, Ontario.

My dear Senator:

I delayed writing you until I had digested your minority report on the railway problem and composed an editorial on the subject, proof of which I attach. Later on I shall refer more in detail to your report. This time I wanted to go after "political management".

Your report is splendid. It summarizes the situation completely. I am entirely at a loss to understand why General McRae should elect to dissent.

Your report appeared almost in full (over a page of it) in our local dailies and must have been widely read throughout Canada. It seems to me now that the whole subject has at last been brought out into full daylight and the effect has been electrical. The daily press even is beginning to be interested in an active way. Obviously, the daily papers have to walk circumspectly. The labour element is a large factor in circulation almost everywhere.

In political circles one hears about unification proposals being premature, ahead of public opinion etc. I do not know where that superstition arises. I am positive that, aside from the labour interest, there is no settled public opinion on this issue. The people of Canada generally simply do not understand the subject at all and would be perfectly happy to have the railway muddle solved through

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119747

unified management or in any other efficient and practical way.

I do not think that the labour element has been wisely handled by the C. P. R. (This is between ourselves.) You and I know that labour opposition to unification is stupid in the highest degree. These men should, in their own interest, be working tooth and nail for unification, on the general principle that it presents the most fertile channel of effecting, in the shortest possible time, sufficiently substantial economies to fairly solve the financial problem and, therefore, constitutes the only hope they can possibly entertain of warding off a drastic cut in wages and severe revision of the present preposterous working rules. Any fool railway employee would see that.

You may rest assured that this labour "racket", which has now been pretty largely publicized, is on its last legs and that the labour leadership fully realizes that uncomfortable fact. What is needed now is to educate the rank and file of labour to the same sensible point of view. In my judgment, the time has come for plain speaking. There has been entirely too much "pussy-footing" on this subject.

The C. P. R. should issue to each of their own employees a fairly brief, but fully explanatory, printed statement, couched in a sympathetic tone, outlining the whole situation, pointing out that the interests of the company and its employees are absolutely identical, namely, to salvage the concern which employs them. That the company's officials have explored every possible remedy for several years, but see no way out excepting unification or, failing that, a very severe cut in its pay-roll, high and low, and that the company would be reluctant to impose the full burden of rehabilitation on its wage-earners.

Such an appeal would very quickly percolate into the hands of Canadian National employees also, who are in an even more vulnerable position than those of the C. P. R. In fact, the C. P. R. statement should be skilfully written with that very object in view, but not, of course, apparent.

If labour could now be assured of a favourable deal and realizing that the "jig is up", opposition to unification would quickly evaporate. If it were made easy for them, they could probably be in-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119748

duced to press for it. As soon as the general elections are over, the government would be more receptive and some action might then be expected.

Why Dr. Manion is playing the game of the Liberals instead of maintaining a neutral attitude, is beyond my understanding. I don't think these Ottawa people know very much about public opinion in Canada. On this subject there is no concrete public opinion at all, outside railway employees. But there is a very decided fear of permitting the railway muddle to ruin Canada. If I were a leader I should ask for no better election issue than this given a little time.

However, I have rambled along on this subject long enough. Too long you will no doubt consider. Whatever may be the outcome of this you have done a splendid job and I am proud of you and so are all your friends in the West and in the East.

With very best regards,

Yours sincerely,

Richard B. Bennett

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19749

## RAILWAY LABOUR DOMINATION

The Senate Special Committee on the railway problem has now finished its labours. The government leader, the suave politician, Senator Dandurand, submitted a wholly inoccuous and meaningless majority report, obviously chiefly designed to side-step uncomfortable political issues, which, of course, nullified almost completely the valuable investigation of the committee over two years. Fortunately, Senator Arthur Meighen came to the front with a minority report with teeth in it. But there is little hope that government—any government — will run the political risk of dealing in a business-like manner with this blot upon our public life, until the tax-payers and voters of Canada take matters into their own hands and force the issue.

### THE FAILURE OF DEMOCRACY.

The scandalous situation which has prevailed in respect to the annual losses of the Canadian National Railway over many years constitutes the clearest evidence, if any is needed, of the utter futility of democratic government as functioning in Canada. *Both the great political parties are equally guilty. Neither of them has exhibited sufficient backbone to deal constructively with this unjustifiable and murderous drain on the Canadian tax-payer.* The remedies are obvious. They are easy to understand and not difficult to apply. But both parties are more concerned with playing "safety-first," party politics than they are with fulfilling their solemn duty to protect the public interest. Our responsible "statesmen," in fact, stand revealed as small-town politicians. It is the most disgraceful spectacle in the public life of Canada since confederation.

Here is the picture as shown by Senator Meighen in his courageous minority report:

"The Canadian National constitutes for the nation its most obdurate and perilous domestic problem. The outlay of Canada to December 31, 1938, on its publicly-owned railway system, including interest, has been in excess of $3,300,000,000, of which the greater part has been brought about by recurring yearly deficits assumed and loans made by the Canadian Government to the Canadian National.

The cash deficit in 1938, substantially greater than in 1937, as shown in the Canadian National Railway's Annual Report of 1938, is $54,314,195. This deficit does not include capital losses of $2,712,877 charged against Proprietor's Equity under the Canadian National Revision Act of 1937, nor does it include interest on $672,688,000, the principal amount of such Proprietor's Equity. The aggregate contributions of the Government to the System as at March 31, 1938, written off to Consolidated Fund, has amounted to $838,000,000. (See Public Accounts, 1938, Appendix 28). In addition, the aggregate of interest to December 31, 1936, on Government loans to the System accrued and unpaid, which was transferred to the Canadian National Securities Trust, under the Act referred to, has amounted to $574,781,000.

"The above large sums already written off represent in reality assumption by the Dominion of Canada of a very considerable total of capital which went into our railways, and entail as well a substantial addition to the National Debt. No criticism of such writing off is implied in this report. The results, however, after the writing off, speak for themselves.

"It is evident that the railway problem cannot continue to drift as it has done in the past, without more hardship to the taxpayer and great and imminent danger to the credit of Canada."

### THE STRANGLING HAND OF POLITICS

The loss of $54 Mill. shown apparently does not tell the whole story. The actual loss, including all interest costs, runs well over $100 Mill. annually. And with this disastrous record behind it, a palsy-stricken government actually agreed during recent years to increase the wages of grossly over-paid railway labour, so as to add another $22 Mill. per annum to the operating cost of our financially embarrassed steam railways, most of it clearly to be contributed by the tax-payer. This was perpetrated purely and simply to influence a quarter million of railway employees and their dependents. *How long is this corrupt and servile attitude toward the railway unions, at the expense of the shippers and tax-payers, to be tolerated?*

The solution of the problem is perfectly clear. The average pay of railway labour is $1,448 per annum. A reduction of 25 per cent would save about $50 Mill. annually. This reduction must, of course, be applied intelligently. Unified management of the two great railways, with a fair division of traffic receipts, would save between $50 and $75 Mill. a year on operation. With these remedies in effect, within three to five years the railway problem would be solved and western farmers might again look forward to much needed decreases in live stock and other rates, instead of — as we now are — inevitably headed for substantial rate increases.

### THE ARBITRARY ATTITUDE OF LABOUR.

The stated attitude of railway labour to the committee was, that they will resist wage decreases. They do not want unified management or co-operation to effect economies. They do not want anything, in fact, which will deprive a single employee of his comfortable job unless he is retired on full pay. *As labour views it, the railways apparently are there simply to furnish the greatest number of fat jobs and pensions.* Efficient transportation at economic rates is merely a side-issue. Railway labour is perfectly happy to continue to exploit their near-bankrupt employers and the tax-payers of Canada. They are not in the least interested in the railway problem, in where the money is to come from to satisfy their exhorbitant demands, or in the natural anxiety of western farmers about the danger of destructive freight rate increases, plainly foreshadowed by the Minister of Railways in a recent speech. Did any country ever witness a more callous exhibition of utter selfishness?

The railway unions apparently depend on their quarter million votes to intimidate the timorous politicians. So far they have succeeded beyond all reasonable expectation. But I wonder how many votes the farmers of Canada have, and if they are now ready to use them intelligently? *During the forthcoming general election western—and eastern—farmers should pledge every last candidate of every political party to clean up our destructive railway mess.* The pressure must come from below. The party bosses are apparently completely terrorized by the labour union steam roller and its persuasive lobby.

### ARGUMENTS AGAINST UNIFICATION

Some fear unified operation of our railways on the grounds that it would establish a "monopoly." In early days the west fought persistently and justly for competition in transportation. With the advent of the Transport Commission and full public control of rates and services, however, this issue became obsolete. In fact, this Commission at once established Canadian railway services on a virtual monopoly basis. That was the intention of the law.

The assertion that competitive enterprise is desirable in order to promote efficiency in railway services is absurd. According to that theory we should also have competition in telephone and postal services and in other public utilities, when it is common knowledge that the tendency the world over is precisely to operate all public utilities as a monopoly under rigid state control, not alone in the interest of efficiency and economy, but also to avoid the burden of uneconomic services. *Public service enterprises are everywhere regarded as "natural" monopolies.*

When a democratic government undertakes, directly or indirectly, to bargain about wages with large bodies of powerfully organized employees, its final decision obviously affects its own political fortunes and, therefore, opens the door wide to political corruption. In every general election thes railway vote would naturally favour the highest bidder. We cannot afford to ignore this deadly danger to the integrity of our public life. It has been suggested, that railway unification in Canada would constitute a public menace, as so large an organization would be politically all-powerful. That, of course, is sheer nonsense.

### ABOLISH POLITICAL MANAGEMENT

Whether the railway vote is concentrated under one management, under two or under half a dozen, the railway brotherhoods will always act as a unit and labour, under the present set-up, will bestow its political rewards or punishments as one unit. The danger of labour domination obviously lies solely in the political administration of railways and unified management would for all practical purposes entirely eliminate the paralysing hand of government.

The government must be divorced entirely from the management of our railways, through unified control under a board of possibly fifteen directors, five elected by the government, five by the shareholders of the Canadian Pacfic Railway and one each nominated by some such representative and non-political bodies as the Canadian Chamber of Agriculture, the Chamber of Commerce of Canada, the Trades and Labour Council, the Canadian Manufacturers' Association and the Engineering Institute of Canada. A board so constituted would would completely protect the management of the unified railways from political pressure and would also give the tax-payers and shippers of Canada direct representation uninfluenced by politics. The Transport Commission would continue to look after the interests of the public, as it has successfully and impartially done for many years.

Edward O. Peterson

119750

Ottawa,
May 29, 1929.

Mr. H. E. Manning, K. C.,
c/o Long & Daly,
25 King St. W.,
Toronto, Ont.

Dear Mr. Manning:

Thanks very much indeed for your kind letter of 27th.

I have asked that a copy of what is described as the "alternative" report--that is, the one favouring unified management--be sent you, as well as copy of the speech I made in the debate on the subject last week.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119751

LONG & DALY
BARRISTERS & SOLICITORS

R. O. DALY, K.C.
H. E. MANNING, K.C.
E. E. THISTLE
D. H. McTAGGART
W. J. PALMER
R. G. MEECH, K.C.
C. E. L. BABCOCK
J. H. THOMSON
GRAHAM MORROW

CABLE ADDRESS "LONGDAY"
TELEPHONE ELGIN 2103

25 KING STREET WEST
TORONTO, CANADA

May 27th, 1939.

Rt. Hon. Arthur Meighen, K. C.,
Parliament Buildings,
Ottawa.

Dear Mr. Meighen:-

May I add my own humble word to the many expressions of approval and appreciation you must be receiving from day to day in regard to your courageous and independent stand on the question of Canada's national railway problem.

As you no doubt know, I have been for years obsessed with the difficulties of the kindred problem of real estate taxation. The more one studies it the more one feels convinced that the impossible burdens of Municipal finance thrust upon landlords are in large measure attributable to the mere weight of the Municipal share of direct unemployment relief cost. In our Property Owners' Association movement there is a strong conviction that the unemployment problem is a national problem and can only be solved by national effort. It seems to us that the national solution of the unemployment problem is being put in the background not only by the Constitutional difficulty but even more so by the necessity of finding some $50,000,000 a year to finance national railway deficits which are bound to recur because of the inefficiencies of Government management. The consequence is that many of us regard the solution of the unemployment problem as being dependent upon a solution of the national railway problem.

One of the representatives at our Ontario Property Owners' Convention in February of this year put the political side of the question very neatly when he said that the continuance of this deficit was rendered necessary from a political point of view because Governments were afraid of the influence of 125,000 railway workers. Why could they not see that there were in Canada probably a million property-owners whose interests were being sacrificed and who represented at least potentially a much more powerful factor at the polls?

May I again express to you my personal appreciation of your stand.

Yours sincerely,

HEM/W

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119752

Ottawa,
May 29, 1939.

Mr. Arthur Walwyn,
Gairdner & Company Ltd.,
Toronto 2, Ont.

Dear Mr. Walwyn:

Many thanks indeed for your kind letter of 27th.

I have asked that a copy of the speech I made last week on the subject of unified management be sent you.

Yours very truly.

AH/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119753

Gairdner & Company Limited
Toronto, 2

10

Dear Mr. Meighen,

I cannot refrain from expressing my admiration for the courageous leadership which you have so signally displayed in dealing with the railway question in the Senate Chamber in recent days.

The railway question has probably become "public problem No. 1" and surely the only hope of its solution lies in outstandingly courageous leadership by our representatives in high places.

Yours respectfully,

Arthur Walwyn

Senator Arthur Meighen, P. C.,
The Senate,
Parliament Buildings,
Ottawa, Canada.

May 27, 1939.

AGW-IP

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119754

Ottawa,
May 29, 1939.

Mr. Wm. McManamy,
Sherbrooke, Que.

Dear Mr. McManamy:

Thanks very much indeed for your kind telegram of 27th May.

I have asked that a copy of what is described as the "alternative" report—that is, the one favouring unified management—be sent you, as well as copy of the speech I made in the debate on the subject last week.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

7-38.

CANADIAN PACIFIC COMMUNICATIONS

MONEY TRANSFERRED BY TELEGRAPH

# CANADIAN PACIFIC TELEGRAPHS

DIRECT CONNECTION WITH
POSTAL TELEGRAPH - CABLE CO.
COMMERCIAL CABLES - - IMPERIAL CABLES

C.D. 1M

*This is a full-rate Telegram or Cablegram unless otherwise indicated by signal in the check or in the address.*

| TELEGRAM | | CABLEGRAM | |
|---|---|---|---|
| FULL RATE | | FULL RATE | |
| DAY LETTER | DL | CODE | CDE |
| NIGHT LETTER | NL | DEFERRED | LC |
| NIGHT TELEGRAM | NM | NIGHT CABLE LETTER | NLT |

W. D. NEIL, GENERAL MANAGER OF COMMUNICATIONS, MONTREAL.

STANDARD TIME

CALL LOCAL for MESSENGER 483
Canadian Pacific Telegraphs
House of Commons.

7WA MA 15 RX

Sherbrooke Que 27 1005A

Right Hon Arthur Meighen

Ottawa

All sincere canadians cannot but greatly appreciate your splendid stand in reference to our railways

William McManamy

1022A

C 19756

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119756

Ottawa,
May 29, 1939.

Dr. T.E. Kaiser,
45 King St. E.,
Oshawa, Ont.

My dear Dr. Kaiser:

Thanks very much indeed for your kind letter of 27th May.

I have asked that copy of what is described as the "alternative" report--that is, the one favouring unified management, be sent you, as well as copy of the speech I made in the debate on the subject last week.

Yours very truly,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

T. E. KAISER, M.D.
45 King St. E.

119757

Oshawa, Ont. May 27 1930

Rt- Hon. Arthur Meighen
Dear Sir!

Nothing in many years study of Public matters has cheered me so much as your attitude on the Railway Problem of Canada - You have my unqualified support and just as sure as the sun rises, in the end your views will prevail - There is but one road to the present-carnal of procedure - Bankruptcy - - and only one hope of Survival - and that - 'hope' lies along the path you have taken - I congratulate you most - Sincerely - Yours truly,

J. E. Kaiser

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119758

Ottawa,
May 29, 1929.

Mr. A. MacIntyre Bruce,
St. Thomas, Ont.

Dear Mr. Bruce:

Thanks very much indeed for your kind letter of 27th.

I have asked that a copy of what is described as the "alternative" report--that is, the one favouring unified management--be sent you, as well as copy of the speech I made in the debate on the subject last week.

Yours very truly.

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CABLE ADDRESS - "BRUCE"
LONG DISTANCE PHONE - 632

APPROVED BY DISTINGUISHED PATRONAGE

MEN'S ENGLISH "CECIL" OVERCOATS
LADIES' ENGLISH "CECIL" COATS

# A. MacIntyre Bruce

Manufacturer and Importer of

*Cecil Top Coats And Waterproofs* FROM SCOTLAND

*For Men, Women And Children* FROM ENGLAND

Sole Factory Distributor in North America John Martin and Co. Scotch Slickers, Golf Hose, Rubberized Waterproofs, Sweaters and Knitted Outerwear

*St. Thomas, Canada* May 27/39

Senator Meighen
Ottawa Ont

My Dear Sir; You have shown yourself a statesman and the people are back of you × Stick to it, and Call off your leader, and he will win the next election, if he will only lose off the "Ry. Party Route" ×
You have the people's Thanks ×

Kind Regards-

A. MacIntyre Bruce

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119760

Ottawa,
May 29, 1939.

Mr. Jos. M. Pigott,
Pigott Building,
Hamilton, Ont.

Dear Mr. Pigott:

Thanks very much indeed for your kind letter of 27th.

I have asked that a copy of what is described as the "alternative" report--that is, the one favouring unified management--be sent you, as well as copy of the speech I made in the debate on the subject last week.

Yours very truly,

AE/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119761

JOSEPH M. PIGOTT
PIGOTT BUILDING
HAMILTON, CANADA

May
Twenty Seventh
1939

Rt. Hon. Arthur Meighen,
320 Bay St.,
Toronto, Ontario

Dear Senator Meighen:

May I congratulate you on your outstanding accomplishment in the Canadian Senate yesterday in putting through the Minority Report of the Senate Committee on Railway Unification.

It is distinctly encouraging to know that there are men in political life, even as highly placed as you, who have the courage to speak out at the proper time.

I think business men in general right across the country are all thinking the same thing,- that the drain on the resources of the Dominion, due to our railway situation, is the anchor that is dragging and holding progress back. It seems to be accepted by them in the same breath that no political party will ever deal with it for obvious reasons.

I hope the very convincing case that you made out will have the effect of spurring some political party on to action. Meanwhile, I beg to submit my congratulations along with those of hundreds of others which I am sure you will be receiving today.

Yours sincerely,

Joseph M. Pigott

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119762

O t t a w a,
May 29, 1939.

Mr. John A. Ryan,
Room 224, University Tower Bldg.,
Montreal, Que.

Dear Mr. Ryan:

Thanks very much indeed for your kind letter of 27th.

I have asked that a copy of what is described as the "alternative" report--that is, the one favouring unified management--be sent you, as well as copy of the speech I made in the debate on the subject last week.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

JOHN ALFRED RYAN
CONSULTING AND
CHARTERED ACCOUNTANT
MONTREAL

119763

ROOM 224, UNIVERSITY TOWER BLDG.

May 27, 1939.

Right Hon. Arthur Meighen, Esq.,
Parliament Buildings,
Ottawa, Ontario.

Sir:-

The leading editorial in the Montreal Star of May 26th was a most able statement of the true function of our Canadian Senate, and of the non-political attitude which Canadians have a right to expect from senators individually.

That non-political attitude has been strikingly demonstrated by you, Sir, in the most recent debates on the "Railway problem." The Senate's action last night was, apparently, very largely the result of your example in this respect. I know very definitely that I echo the sentiments of most people whom I know in offering you our thanks and congratulations on having forced one more forward step in the long, long trail which, we hope, will lead ultimately to the one apparent solution - unified management.

Hundreds of our taxpayers who normally vote Conservative are anxiously pondering our decision at the next election. We feel that the railway problem is the major issue. We have studied the arguments pro and con with some care, and are in entire agreement with your views. After all it is our money that is being poured "down the sink" all these years so we have a very personal interest.

At the next election we want to vote in favour of that man or party who will at least try to give effect to our views. But who is the man? and where is the party?

Unfortunately the present Conservative leader in the House of Commons has expressed himself against unified management. But Mr. Manion must know of the old proverb to the effect that "only a fool never changes his mind." He can find ample precedent for a change of attitude in the actions of Stanley Baldwin and Neville Chamberlain in recent years and recent months.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119764

If he will follow their example he will be assured of the support of many electors, like myself, who are seriously considering the possibility of finding other means of getting their views represented.

I don't know whether a "straw vote" on this question throughout the country would be practicable. If it were the results might be enlightening.

Again, may I express my personal appreciation and admiration for what you have done, and the hope that your leadership will help to produce a more constructive attitude on the part of the Party?

Yours very truly,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119765

O t t a w a,
May 29, 1939.

Mrs. Ruth Gates,
33 Forest Ave.,
Hamilton, Ont.

Dear Ruth:

Thanks very much for your note. I am arranging to send you a copy of what is described as the "alternative" report--that is, the one favouring unified management--and as well a copy of the speech I made in the debate on the subject last week.

Yours sincerely.

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

July 26th - 1976.

Thank Heaven there
is at least one person
in Ottawa with
courage!
I wish I could
see you this comment
I have heard today
here in Hamilton.
Keep up the good
work.

JJ.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119767

Ottawa,
May 30, 1939.

SA

Mr. A. MacIntyre Bruce,
St. Thomas, Ont.

Dear Mr. Bruce:

Thank you for your further note of May 29th.

As far as I am concerned myself I would like to see passes abolished wholly. There were many, however, who felt that the inclusion of such a recommendation in our report would diminish its chances of acceptance, and incur greater hostility among Railway men and their families.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CABLE ADDRESS - "BRUCE"
LONG DISTANCE PHONE - 632

APPROVED BY DISTINGUISHED PATRONAGE

MEN'S ENGLISH "CECIL" OVERCOATS
LADIES' ENGLISH "CECIL" COATS

D 19768

# A. MacIntyre Bruce

Manufacturer and Importer of

*Cecil Top Coats And Waterproofs* FROM SCOTLAND

*For Men, Women And Children* FROM ENGLAND

Sole Factory Distributor in North America John Martin and Co. Scotch Slickers, Golf Hose, Rubberized Waterproofs, Sweaters and Knitted Outerwear

*St. Thomas, Canada*

Observation only May 29/39

The enclosed clipping has been more or less my contention for past ten years since the event of Motor traffic x Had it been done then Canada would have saved hundreds of millions, and the lesson should now make railway-adjustment doubly keen when we see our error?

Duplicate tracks, stations, Express and Telegraph, unessary thousands of rural stations, a double set of over-head officials and work-men in all branches; City terminals and Hotels duplicated, up-town ticket offices, not necessary, as all have to come from station, unproductive high-paid officers and officials in duplicate; should be no passes?

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Double unproductive Rolling Stock.
It is a crime to hoodwink the poor work-people of Canada, (and children-women and widows) taxed to pay the pairs of politicians and the thousands of the favored few, when these poor workers cannot afford to even make the added trip without feeling the punch of the cost?
The tax-payers know the budget will never be balanced with the present Railway-loss continued, which means no business confidence and a dwindling in enterprise and industry, still breeding unemployment, more taxes, and disaster.
A. MacIntyre Bruce

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

**Good Advice To Railways**
Efficiency Magazine

Mr. Frederick Smith, head of the transport organization of Lever Brothers and Unilever, has given a word of advice to our railways.

In a speech at the Institute of Transport, Leeds, he said that the railways can save £30,000,000 a year by reorganizing goods and passenger traffic.

They can, he said, cut out small goods stations and branch lines and concentrate upon radial centres. Road motor vehicles would feed these centres.

He said that goods wagons today are loaded to only one fifth of their capacity; and that £17,000,000 can be saved on goods traffic alone.

A further £13,000,000 can be saved, he said, by dealing with passenger traffic in the same manner.

I may say that my partner of long ago — Mr. Harrington Emerson — after doing efficiency work for a year for the Santa Fe Railway, said that American railways could save £60,000,000 a year by applying the principles of efficiency to their activities.

Mr. Smith has given our railways a £30,000,000 tip. And it should be given serious consideration.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

T 19770

Ottawa,
May 30, 1939.

Mrs. E. S. Tufts,
Press Gallery,
House of Commons,
Ottawa, Ont.

Dear Mrs. Tufts:

Thank you very much indeed for your kind note of 29th. I am asking that a copy of my speech be sent to you as soon as it is ready for distribution.

Yours sincerely,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119771

House of Commons
Canada
THE PRESS GALLERY

Monday

Dear Senator Meighen:

O Julius Caesar
thou art mighty yet....
Congratulations!

The M.P.s all
thought you would
not be able to carry
the Senate. But after
that magnificent speech
2 for me was not
surprised.

By comparison,
you make this flabbey

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119772

Hmas Commonwealth seem indeed, as the Queen of Scots said of Elizabeth, "but a barren stock."

Sincerely yours,
Evelyn S. Duffus

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119773

Ottawa,
May 30, 1939.

Mr. Armand Mau,
92a St. Pierre St.,
Vill. La Providence,
St. Hyacinthe, Que.

Dear Sir:

I appreciate very much indeed your kind letter of May 28th commending my stand on the Railway question. I have asked that a copy of my speech on the subject be sent you as soon as it is ready for distribution.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Armand Mau,
92 A St. Pierre St.
Vill. La Providence,
St. Hyacinthe, Que.

L 19774

May 28th, 1939.

Right Honourable A. Meighen,
Senate,
Ottawa, Ont.

Dear Sir:-

I beg you to accept my profound respect and deeply felt gratitude for your magnificent stand in the railway question. I admire your forceful and independent action in this most urgent problem.

Party politics is to costly a pastime for a country slowly recovering ( in spite of all the politicians ) from a disastrous depression. They only scratch our main sore spots as the railway question , unemployment and youth deterioration. It takes fearful, straight minded statesmen like you, Sir, to solve these for Canada's future so vital problems.

I took great courage from the endorsation of your report in the Senate, and I wish to add my voice to those who in spite of Dr. Manion's speech in the Commons stand behind "the lone gentleman in another place".

Yours truly

Armand Mau.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119775

Ottawa,
May 30, 1939.

Mr. J. G. Harvey, K. C.,
410 Somerset Building,
Winnipeg, Man.

Dear Mr. Harvey:

I have your letter of 27th. Will send you copy of what I said in the debate last week.

Many years ago I would have been not at all averse to trying Government operation of both roads. Now I would be determinedly opposed. No matter what one does to sever the operation from Government interference, the whole thing is altered, and, if necessary, by Statute, just as soon as another Government comes in. King did this in 1922 and again in 1935. The consequence has been the complete bedevilment of the whole Railway business of the country. You may take it from me there is no hope whatever of Government operation in this Dominion.

Yours very truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J. G. HARVEY, K.C.
BARRISTER, SOLICITOR,
NOTARY PUBLIC, ETC.

119776

TELEPHONE 23 485
REFERENCE FILE
NO.

410 SOMERSET BUILDING
WINNIPEG, CANADA

May 27, 1939.

Rt. Hon.Arthur Meighen,
320 Bay Street,
Toronto, Ont.

Dear Mr. Meighen:-

Re Railway situati on

I have for some years been suggesting that the only honest and sane solution of the Railway Problem in Canada is for the nation to take over the C.P.R., at a reasonable price and to pay for it with long term bonds, bearing a reasonable rate of interest; then for the nation to go on and operate its railways under a Commission responsible to Parliament and not to the Government.

In this connection I sent a letter to the Citizens' Group for Railway Action, in Toronto, in November last, a copy of which I enclose to you herewith. This letter pretty well sets forth what I believe to be the only honest and sane solution of the Railway Problem.

Yours sincerely,

(J.G.Harvey)

JGH)
encls.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

COPY

D 19777

Nov. 7th. 1938.

The Citizens' Group for Railway Action,
607 Temple Bldg.
Toronto, (2) Ont.

Dear Sirs:-

It is a great pleasure to me to know that some effort is being begun, even by a few of the people of Canada, to find some reasonable ending to the terrible railway situation that has burdened us for so long. Even if we are 20 years late in going after it.

I have done some urging upon the matter during the past 4 or 5 years, in opposition to the Free Press. The editor and owners of that paper, together, have for many years, in my opinion, been of the number of the greatest misleaders and misguiders of the people of Canada; and especially of Western Canada. One could almost say that we have been hag-ridden by them during the past 35 years.

Their record with regard to the railway situation is only one item of their baleful influence. They have been and are, on account of their perpetual nagging, false and insidious statements, one of the most powerful disintegrating forces in Canada-- causing suspicion and ill-will between various sections of our country etc., etc; while at the same time crying aloud for an independent nation.

But what do you stand for? What remedies do you suggest? Upon your answers to these questions depends how wholeheartedly the people of Canada will support you.

I have given the railway situation considerable thought and have had letters published in the Free Press and elsewhere and have placed my suggestions before Sir Edward Beatty; with whom I do not agree.

The following are extracts from one of my letters to the Free Press, dated May 7th. 1935:-

"Notwithstanding the Hon. Mr. Manion, and the Hon. Mr. Hanson, and The Winnipeg Free Press, I still suggest that the only honest and sane solution of the Railway problem in Canada is for the nation to take over the C.P.R., at a reasonable price, and to pay for it with long term bonds,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

"bearing a reasonable rate of interest; and then for the nation to go on and operate its railways under a Commission responsible to Parliament and not to the government. Just how long the other means of public transportation-- boat, motor vehicle, airplane,--shall be left in the hands of private capital to compete with the peoples' railways, is a matter for further consideration.

"To continue to compel the shareholders and bondholders and employees of the C.P.R., to continue to compete against a railway that is backed by the public purse and public taxation is dishonest. For the people of Canada to continue to support two railway systems, with much duplicate mileage and duplicate staffs, far beyond what are required, and without any end of that state of affairs in view, is insane.

"As for Mr. Manion, Mr. Hanson and the Free Press, they appear to have not yet outgrown the old days of pandering to a sectional interest-- that is, to the railwaymen's votes. They fear that amalgamation will result in many of the railwaymen losing their jobs, and that the railwaymen will vote against any party that advocates amalgamation. But amalgamation, as I suggest it, will not cause a single man to lose his job. We have been carrying the burden of overstaffing for many years, without any hope of that evil being ended so long as the two systems with a double set of costs remain in operation. Surely we can continue to bear that burden for a few years longer, if that burden is accompanied, not only by the hope, but by the assurance of its being ended eventually under the amalgamated system.

"What good reason of any kind do the three parties above mentioned, offer for a continuation of the two systems? Not a man would be put off the payrolls under my idea of amalgamation. All would be retained. This would result in an overstaffing for a time only, for the numbers of the employees would soon be brought down in the usual course of events-- some would resign or quit the service for one reason or another; some would arrive at the end of their service and be superannuated; some would be discharged for cause; some would be incapacitated by accidents; and some would die. These five ordinary causes would soon overcome the evil of overstaffing that would exist at first. That, at any rate, would be one advantage to be derived from amalgamation.

"Then there is some talk of the advantages of competition. But there can be no real competition between a railway (the C.P.R.) that has cost only $55,000.00 per mile and one (the C.N.R.) that has cost $110,000.00 per mile. It is evident the railway with only $55,000.00 per mile invested in it can undersell the other railway in the matter of freight rates, passenger rates,etc. And that is just what has happened. The railway rates have been fixed by the Railway Commission at a figure,which, when business is good, will permit the C.P.R. to pay dividends to its shareholders. Whereas the same rates do not enable the C.N.R., to pay much more than operating expenses and some interest. That is why the C.N.R.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

"from the beginning has been a constant drain upon the public purse; in order to make up its losses. Some years it did not even pay operating expenses. On the other hand there can be no fair competition between a railway that is privately owned and whose financial resources are limited, and one that is owned by the State, and backed by the public purse and public taxation.

"One of the great weaknesses in our political outlook on our public affairs is "provincialism" and "sectionalism". The hope for Canada is the growth in the people of a national spirit, a national outlook that will lead us to turn into national affairs several matters that are today looked upon as provincial affairs. Our railway and airplanes are national affairs. Why should not the others means of transportation-- boats, motor buses and motor trucks-- also be placed under the control of the Federal Parliament? Why should motor buses and motor trucks, operating upon and wearing out the public highways, which the public moneys have built, be allowed the right to compete with, and eat into the business of, our national railways, free from any control by our National Parliament? If there is any money to be made by the motor buses and motor trucks competition, it ought to go into the national purse to help to diminish the loss we are suffering from the operation of our railways."

or at least be divided between the provinces and the Dominion as to highways, to the contribution which the Dominion has contributed

The following are extracts from a letter which I wrote Sir Edward Beatty (then E.W.Beatty) dated 27th. July 1934:

"An editorial appearing in the Free Press of the 25th. instant is the reason for this letter. I am enclosing you a copy of the editorial.

"This is the kind of opposition that I suggest to you exists in the country today against the C.P.R. This is the kind of stuff that goes over big with the people and on the hustings at elections.

"You are fighting a losing fight if you think that the people of Canada will ever consent to the C.P.R. taking over the C.N.R., or to the shareholders of the C.P.R. receiving more than a very small dividend upon their stock, and that not at a price they paid for it, but at what it is worth after de-valuing the railway from time to time. The suggested devaluing of the C.N.R., will be a precedent.

"I suggest again to you that the only sane and honest settlement of the railway situation between the people of Canada on the one side and the bondholders and shareholders of the C.P.R., on the other side, is for the nation to take over the C.P.R., at a fair price. If the C.P.R. waits too long, it may not get a fair price.

"Anyone can see "with half an eye" that the C.P.R., with an investment of about $54,000.00 per mile has the whip-hand of the conglomeration now called the "Canadian National Railways" with an investment of about $111,000.00 per mile. But what good is that going to do the C.P.R. in the face of popular agitation and action?

"I have suggested that any competition or rivalry between a private corporation and a publicly owned corporation, in the same field of service to the public, is insane for the owners of the private corporations; for eventually the public will drive the privately owned corporation to bankruptcy. Unfair, even

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

dishonest, advantages will be taken in order to make the publicly owned utility defeat the privately owned one. Was that not the experience of the C.P.R., from 1911 to 1930 ?

"The enclosed editorial is only a sample of the opposition that will be continually stirred up against the C.P.R. What have (a) the bondholders, or (b) the shareholders to gain by continuing to operate the C.P.R. in competition with the C.N.R., and in the face of such opposition? I believe all bondholders and shareholders should be told that notwithstanding all efforts to the contrary, the way above suggested (i.e. in the face of the opposition above suggested) is the only way in which the C.P.R., can be operated at the same time as the C.N.R. in the field of public service.

"There are two things, in addition to the financial advantage to the nation, which I think would be accomplished by the taking over of the C.P.R., by the nation. They are (1) the elimination of such editorials as the one enclosed (and all that it represents) from the number of mystifying questions that are troubling the minds of our people; and (2) the obtaining of a fair settlement for the bondholders and shareholders of the C.P.R., and so the preventing of another attack upon the probity of the Canadian people such as arose upon the taking over of the Grand Trunk.

"The railway situation will never be cleared up and the whole of the railway systems of our country will never be placed on a paying basis (that is be compelled to provide a revenue sufficient to pay their operating expenses, interest and sinking fund by higher income on the one hand and less expenditures on the other) until the whole are under public ownership and operation. It is up to the railways to do this, (to pay their interest, sinking fund and operating expenses). But the C.N.R. will never be asked to do this, or even approach this, so long as the C.P.R. remains.

"Further, the growing opposition of motor-trucks and aeroplanes as common carriers- both of which are new and popular- can never be regulated so as to give our railway systems a fair chance so long as part of those systems is privately owned. The motor-truck opposition offers a hard nut to crack. In all its aspects and uses the motor truck seems to be under the wing of the provincial governments. The question arises as to whether the whole matter of "common carriers", including all methods of transportation of goods and passengers for hire, ought not to be brought under the control of one governing body and so regulated as to prices etc., as to prevent our railways, in which there is invested nearly $4,000,000,000.00 from being seriously handicapped by this opposition. If the whole of these various methods of transportation were placed under national control, some means could be taken to protect our investments in our railways. This could be more easily accomplished if our railways were all publicly owned. The sooner this matter and some other matters which affect the people of the nation at large are nationalised, the better it will be for us as a nation and not as a number of segregated and independent provinces. Anything that tends to increase our sentiments as a nation as

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

one people from Halifax to Victoria is worthy of being advocated.

"With the whole of the railway systems owned and operated by the nation, many things would be advocated of advantage to the railways that can not be advocated today, for the simple reason that in many cases it is impossible to advocate policies that would assist the C.N.R., because they at the same time, would assist the C.P.R."

These letters contain my firm and considered opinion (at least in part) upon the whole matter.

If you are proposing some other remedy-- will you kindly let me know what it is?

I am convinced that if the railways of Canada are allowed or compelled to operate much longer as they are, the shareholders of the C.P.R., will get nothing for their shares, and even the mortgageholders and bondholders will not receive 100 cents on the dollar. While I am neither a shareholder, nor a mortgageholder nor a bondholder of the C.P.R., nor represent any such, I do not wish the debacle to be greater than can be helped. I do not want a repetition of the laments and anger of the Grand Trunk Railway shareholders-- a much smaller affair. I admit that any idea of saving anything for the bondholders, mortgageholders or shareholders of the C.P.R., is not a popular attitude or frame of mind today in Canada where the people from one end to the other are being taught by newspapers and politicians-- that it is not dishonest to refuse to pay your debts. So it may be argued: Why should the people of Canada pay for the C.P.R., anything over what it would bring at a forced or bankrupt sale?

On the other hand I maintain that the people of Canada should not be mulcted to pay any more than the physicial assets of the C.P.R., are worth in situ as they are in place on the ground-- no regard being given as to prices at which the C.P.R., stock was sold, nor as to its past business, nor its future prospects, nor as to its earnings, past, present or prospective future.

As to the payment of the price when fixed,- it would, of course, be paid by the issue and delivery to those entitled thereto, of long term bonds of the Dominion of Canada, bearing interest at 3%.

Let me advise the shareholders, bondholders or mortgageholders of the C.P.R., to sell their railway as soon as they can. Let not Sir Edward Beatty or any other officials of the C.P.R., any longer keep you blinded as to your own interests. No doubt Sir Edward is trying to make the best of things from his standpoint. But do not forget that his standpoint and the standpoint of the higher paid and even more lowly paid officials and employees of the C.P.R., as to what is best may not be the same standpoint, as that from which

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

the bondholders, mortgageholders and shareholders should view the situation. And also that what may seem the best for Sir Edward Beatty and other officials and employees of the C.P.R., may not be best for the bondholders, mortgageholders and shareholders.

I suggest that it is your duty to advise the seventy odd thousand holders of common stock in the C.P.R. and the twenty-five thousand and over holders of preference stock in the C.P.R. just what danger is threatening them. I doubt if Sir Edward or any other official of the C.P.R. has ever so advised these people or ever suggested to them the advisability of selling the Railway and getting out from under the loss they are going to suffer, as soon as possible; for the loss will only be the greater the longer things are allowed to go on with the privately owned C.P.R. competing against the publicly owned C.N.R. Yet these common and preference shareholders are the real owners of the C.P.R. and are these who will bear the brunt of any loss that shall be suffered. Has any one thought of giving them any disinterested advice in the matter?

If you "Citizens' Group for Railway Action" are out to put an end to the railway situation by having the Dominion of Canada buy the C.P.R. out, at a price such as above suggested, to be paid in the manner above suggested, then I am wholeheartedly with you, and will be glad to become an active member.

If you are not, kindly let me know what other suggestions you have as to remedying the railway situation.

If you are out to get as high a price as possible for the C.P.R. at the expense of the people of Canada, or if you are out to bring about the payment of dividends to C.P.R., shareholders, or if you are out to keep the C.P.R. operating as a railway under private ownership but with assistance from the public funds, you are doomed to failure.

The following are extracts from my letter of the 17th. of January 1938 to Sir Edward Beatty:-

"I am very much obliged to you for your letter of the 13th. instant, and for the clear statement you have given me with regard to your own ideas upon the matter of the amalgamation of our railways.

"I do not wish to worry you with a discussion item by item of the many thoughts and suggestions contained in your letters.

"I think there is one general thought underlying all your suggestions and thoughts and that is that the people of Canada if given control of the whole of the railway systems are not capable of operating them as purely business affairs of the Dominion, and upon a proper business basis and as things separate and apart from their party political strifes, prejudices and corruptions.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

"On the other hand have you ever thought that a great deal "of the success which attended the increasing pressure for political and patronage concessions which Sir Henry Thornton referred to, was the direct result of our having a great publicly owned railway running in competition with a great privately owned railway; and that there would not be so much chance of success of any such pressure if the people of Canada, from one end to the other, owned the both railways? Would the people not feel charged with the duty of operating this wonderful undertaking in a good-proper-business-like-economic manner? At any rate would there not be much less chance of pressure for sectional advantages or concessions under such circumstances? Or can not such protection be thrown around the railway management and the Board of Railway Commissioners as would enable them both to freely consider all railway affairs from the standpoints of economy and adequate reasonable service, wages, rates, etc., only.

"I believe that any person who has given any thought to the "matter has come to the conclusion that something ought to be done with the railway situation.

"That being so, I have much pleasure in agreeing with you "that "the next step would seem to be for the owners of the two railway systems to discuss the matter frankly and honourably"; and that in such discussion what is fair to the shareholders of the Canadian Pacific Railway as well as what is fair to the people of Canada, ought to be considered."

The writing off of $1,000,000,000.00 or so of the cost of the C.N.R. and transferring it to the public debt of Canada is only a step towards enablying the C.N.R. to compete with the C.P.R. in the matter of freight and passenger rates and to come forth at the end of the year and say, "Look what we have done this year. We have "earned more than our operating expenses and interest." But all the time the people of Canada will be being called upon to pay the $50,000,000.00 or so of interest on the $1,000,000,000.00 written off. The only object in all this, other than enabling the Railway to present a false balance sheet to the people each year, is that in case the earnings of the C.N.R. grew to such an extent as that there would be sufficient to more than pay the interest and running expenses, a demand would be made for lower passenger and freight rates; which being granted by the C.N.R., the C.P.R. would be forced to follow; and thus would be continued the effort to bankrupt the C.P.R.

If you are out to further some private interests of your organisers or others and not in the best interests of the people of Canada you are doomed to failure. By the best interests of the people of Canada I mean, the relieving of them from debt, costs and taxation on account of our railway and transportation facilities in general. The utilities ought to be enabled and compelled by means of legitimate charges to be self supporting and no public funds ought to be contributed to their support, and no taxation of the people on their account ought to be made or levied.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

If you are thinking of obtaining for the shareholders, either of common or preferred stock of the C.P.R., more than a moiety of what they have paid for that stock, you are doomed to disappointment; unless you can sell the assets of the C.P.R., to the people of Canada for more than they are worth, or can work some other scheme on the people of Canada.

What support do you expect to receive from the Press of our country? This Press is no longer responsible to anyone except its incorporated, money-seeking owners and editors. Formerly the Press of our country was responsible to one or other of the political parties; was the servant of those parties and advocate of their respective public policies; but that state of affairs no longer exists. The Press has become practically a body of corporation owned newspapers, the owners of which are all cut for self, with the public interest a very secondary affair. The Siftons and the Southams no doubt have great influence upon the political thought of the people of Western Canada. It is unfortunate that this state of affairs exists. Neither Premier King nor Leader Manion, nor the C.C.F. appear to be big enough to adopt a policy upon the railway situation in the interests of the people at large. This is so, mainly, I suggest, because of lack of newspaper support for any policy as yet prominently advocated. Only two policies to my mind have been strongly advocated, they are (1) the one adopted by Parliament, which was (after writing off a $1,000,000,000.00 of the C.N.R. debt) to let the railways go on as they have been doing for many years past; and (2) the somewhat vague suggestions made by Sir Edward Beatty for some kind of a unification of the railways. I am suggesting policy (3), namely, that the Dominion of Canada take over the C.P.R., and own and control and operate the whole of the railway facilities of Canada. The people of Canada themselves will finally have to decide which policy they will adopt.

Hostile Free Press

The best scheme of the Free Press

I would like to quote the following from your leaflet, "Railway Facts":-

"The only phase of the Group's activities which never will "be known except to its auditors and bookkeepers is, the identities of members who wish their identity kept secret. In the "earlier stages of the organisation, it was found that all sorts "and conditions of men were in favor of this effort, but insisted "on anonymity."

I imagine that you perceive that a very bad effect amongst the people at this anonymity is going to have. There is only one thing that would counteract it; and that would be, the policy which you would openly advocate. A policy that could be stated in perhalf a dozen sentences. For example, if you were to adopt the policy of public ownership of the whole of our railway facilities; which includes the taking over by the Dominion of Canada of the C.P.R.; your whole policy in that matter could be set forth in half a dozen sentences. At any rate nothing will counteract the anonymity of some of your members which you suggest except the absolute certainty and definiteness and entire openness of your policy.

The leaflet which I have is No. 4 dated 29th. ult., I would be very glad to receive leaflets Nos. 1, 2, and 3.

JCH)

Yours sincerely,

J. H. Harvey

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119785

5A

Ottawa,
May 30, 1929.

Personal

Sir Edward W. Beatty, K.C.,
President,
Canadian Pacific Railway Co.,
Montreal, Que.

My dear Sir Edward:

I thank you very much indeed for your kind letter of 29th May. The truth is I am sorry you read the speech. I delivered it very rapidly and the Hansard report was bad--at least, I do not believe that I made the mistakes in construction which there appear. The revised report will be much better.

The Toronto Star and Ottawa Journal have come out with antagonistic editorials. Both take the line that the public is against unification, and, therefore, we should forget about it. Serious thinking seems to be going out of fashion.

Kindest regards,

Yours sincerely,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119786

CANADIAN PACIFIC RAILWAY COMPANY

OFFICE OF THE CHAIRMAN AND PRESIDENT

MONTREAL
29th May, 1939.

Personal

Rt. Hon. Arthur Meighen, P.C.,
c/o The Senate,
Ottawa, Ont.

My dear Arthur,-

I spent part of yesterday in reading the Hansard report of the debate in the Senate on the railway reference.

Needless to say, I was greatly impressed with your extraordinarily able and penetrating analysis of the situation. I do not think I have ever read a clearer presentation of this problem than you made in your address in support of the alternative report.

I presume it is all very simple to you with your knowledge of the men involved, but, for the life of me, I cannot follow either Dandurand or Manion. While their motives may be quite clear, neither of them - particularly the Senator - would, I think, take the extreme position they have taken unless there were some influence which was directing their approach to the problem and doing it very effectively. In Dandurand's case, of course, the hand of Fairweather is found in every one of his utterances, and he now has the doubtful honour of dividing with Fairweather most of the inaccurate statements interjected into the record.

The important considerations arising out of the debate are, of course, first: that you succeeded in obtaining the support of your report; and, secondly, that the public now know that the problem is not either

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119787

CANADIAN PACIFIC RAILWAY COMPANY

OFFICE OF THE CHAIRMAN AND PRESIDENT

MONTREAL



settled or is it to be forgotten. This must be a great disappointment to the Government who seem to feel that this is one question which should not be discussed.

It must not be forgotten, however, that the definition of the Prime Minister of the position of his party is not really embarrassing in the event he wishes to take another course. His words were: "The Government is committed to the preservation of the identity and integrity of the Canadian National Railways as a government-owned, government-controlled railway". There is in actual fact nothing in this definition which he cannot reconcile with unified management because, physically, the property will always be the Canadian National Railways'; it will always be owned by the Government; its integrity will be improved; and the Prime Minister is not committed to any particular form of control: in other words, that the establishment of a tribunal controlling the operations of both Companies under unification would be in substantial compliance with his pledge. I am afraid the genial Doctor has edged himself out on a limb, and I do not see how he can get back to a safe place. It is a pity, because, like many others, I have always felt that some day we could look to the Conservative Party to supply the courage and constructive action which would go a long way towards ending the tragic comedy of our railway situation.

I congratulate you most warmly on having performed a conspicuous

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119788

CANADIAN PACIFIC RAILWAY COMPANY

OFFICE OF THE CHAIRMAN AND PRESIDENT

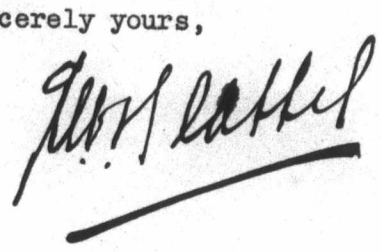
MONTREAL



public service and so ably.

With kindest regards.

Sincerely yours,



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119789

Ottawa,
May 30, 1939.

Mr. D. J. Little,
Secretary-Treasurer,
Citizens' Group for Railway Action,
Toronto , Ont.

Dear Mr. Little:

I appreciate very much indeed your letter of 29th May, and think I can arrange to have seven hundred copies of my speech sent you.

Yours very truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

JUDGE EMERSON COATSWORTH
President

W. F. GREENFIELD
General Field Secretary

DALTON J. LITTLE,
Secretary-Treasurer
Telephone: EL. 3953

119790

# CITIZENS' GROUP FOR RAILWAY ACTION

611 Temple Building,
TORONTO 2, ONTARIO

May 29, 1939.

Rt. Hon. Arthur Meighen,
Senate of Canada,
Ottawa, Canada.

Dear Senator Meighen:

Allow me to congratulate you on the very able manner in which you presented the minority report of the Special Committee of the Senate to the members of the Upper House last Friday.

We regard the said report in favour of unified management of the Canadian National Railways and the Canadian Pacific Railway, in conjunction with the arguments advanced in its support by yourself and other members of the Senate as being a very valuable contribution to an intelligent understanding of the Railway Problem of this country.

As you are aware, our Group is not at this time committed to any particular plan for solution of the Railway Problem, but we welcome every constructive proposal to this end.

Our job at the moment is primarily to help enlighten the public regarding the railway situation. In pursuance of this objective we would like to have extra copies of your address to the members of the Senate in support of unified management. If you should decide to have extra copies printed we could make very good use of about 700 copies which we would mail to all of our members. We have about 650 paid members resident in all the provinces of Canada at present.

In conclusion I might add that I have today read your speech in its entirety, as reported by Hansard, and although I cannot as an officer of the Citizens' Group advocate either continued co-called "co-operation" or unified management I am very much impressed by the sound arguments and facts which you have advanced and presented. I intend to recommend to the quarterly meeting of our Board of Directors being held on June 6th next that we submit the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119791



proposals for continued co-operation, and those for unified management to a vote of our members in view of the stand taken by the Senate of Canada on the 26th instant. I believe without being too specific as to details under which unified management might be put into effect, that if the majority of our members are in favour of the general plan as outlined by yourself, we would be justified in taking a stand as an organization in support of the general principles of unification.

Yours very truly,

CITIZENS' GROUP FOR RAILWAY ACTION

DJL:HL

Secretary-Treasurer.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The Montreal Star 119792

OFFICE OF THE
PRESIDENT

30th May, 1939.

Hope you saw last night's Star - pages four and five - with editorial and cartoon.

Best wishes.

Jack

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119793

Ottawa,
May 30, 1939.

Mr. R. F. McWilliams,
Box 61,
Rockwood, Ont.

Dear Mr. McWilliams:

I have read with very great interest your letter of 29th. There is not much wrong with your economics. I only wish more people in the country thought along the same lines.

I am in no position to say just how the country is thinking, but it seems very generally assumed that the public, under the influence of newspapers which have cost us many hundreds of millions already, are still opposed to unified management of the Railways.

I will have a copy of my speech sent to you.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Box 61 Rockwood Gray 29-39

74

Senator Arthur Meighen

Dear Sir: This is not the first time I have had the presumption to write you altho the last time was several years ago. but I feel I must congratulate you on your stand on the R.R. probablem.

It is hard for we laymen to understand why the Government - and one party is as bad as the other should be afraid to take whatever extreme measures may be necessary to at least improve the situation

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

for I have no hope that it can ever be entirely overcome.
As proof of the soundness of your stand I might say that at a committee meeting in March 1933, Hugh Guthrie who was then Minister of Railways was telling us of the enormous R.R. deficit there was going to be that year & I said. Don't you think the best thing you could do would be to turn it over to the C.P.R. & let them operate it under certain restrictions? To which he replied. most certainly I do, then I said. Why in the world don't you do it.? And he replied, because no party dare go to the country with a policy of that kind, they would be snowed under. Angus Dumbar a young lawyer spoke up & said I think you are absolutely rong Hugh that might have been the case a few years ago but people are becoming aware of the fact that if this R.R. probablem is not solved it is going to ruin the country & Hugh replied most fervently I wish to heaven I could believe it we would do it to-morrow. That is 6 years ago & things have certainly not improved any, so if we are becoming very skeptical of both the business ability & sincerity of the men who form our Government

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

you can scarcely blame us..
I don.t know wheather Dr Manion is possessed of any ability or not, certainly some of his remarks since he became leader would sound as tho he lacked plain common sense.
I don~~o~~t Know why with so many men of outstanding ability our country should be ~~c~~ursed with two such dumbells as our ~~P~~remier & Dr. Manion.
We should be able to look to our leaders for leadership instead of which as a friend John Armstrong - one of the leading business men in Guelph - said the other day in discussing the unemployment probablem, public opinion is years ahead of the Government.
Could anything be more absurd than thousands of people being unemployed

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

in a country with unlimited
quantities of raw material while
other thousands are doing without
the common decencies of life.
I am quite convinced that if you would
call a meeting of a dozen of the best
business men you know including
Dr Bruce, Hon Edward Beaty, Geo Drew.
Geo McCullagh & yourself you could
sit down & in a few hours do more
to work out a plan to solve our proba-
blems than all the legislation that
has been passed so far.
If instead of trying to curtail production
& ficticously raise the price of what is
produced by minimum wage laws &
bonus-es they would realize that the only
way to increase the wealth of & lessen the
debt of the country is by producing more
of the things we have to sell at a cost that
would enable us to sell them at a price
people could afford to buy them, in

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

other words try to harmonize industry to a place where the farmers days work would buy the fruit or result of the other fellows days work, if the farmer has the money he is the best buyer there is because of the quantity & variety of his needs but so long as he has got to work 2 to 4 days to pay for one days work of the man who produces the things he needs he has got to do without them so you have the vicious circle of unemployment & want in the midst of plenty.

Another man whom you should add to your group is a Dr C.C. Grant of 215 College St. Toronto who had one of the sanest letters in the Globe & Mail a few days ago that has appeared for some time. I quite realize you must be a very busy man so don't expect you to take time to answer this complaint for I know that is what it is but I will feel better for having got it off my chest.

Yours truly

R. J. McWilliams

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119799

Ottawa,
May 30, 1939.

Mr. E. P. Flintoft, K.C.,
Canadian Pacific Railway Co.,
Montreal, Que.

Dear Mr. Flintoft:

Referring to Mr. Meighen's conversation with you yesterday regarding mailing lists, I am directed to ask that you send addressed envelopes to us here as soon as possible in order that we may mail the speeches from this office.

The envelopes should be 10" x 7" in size and should, of course, be plain.

Yours very truly,

E.

Private Secretary.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119800

Ottawa,
May 31, 1929.

Mr. E. P. Flintoft, K. C.
Legal Department,
Canadian Pacific Railway Co.,
Montreal, Que.

Dear Mr. Flintoft:

Following our telephone conversation of today, I am sending you herewith copy of letter which I have written to the Printing Bureau with regard to delivery of speeches and reports.

It was Mr. Hinds' suggestion to have delivery made to your Mr. McGill, in order that he might arrange for shipment to Montreal.

If this is not satisfactory to you, kindly let me know.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119801

Ottawa,
May 31, 1939.

5 A

Mrs. Adam Shortt,
404 Laurier Ave. E.,
Ottawa, Ont.

Dear Mrs. Shortt:

Thank you very much indeed for your kind letter of 29th.

I have asked that a copy of what is described as the "alternative" report--that is, the one favouring unified management--be sent you, as well as copy of the speech I made in the debate on the subject last week.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119802

404 Lansdowne Ave
Ottawa May 29/39

Dear Mr Meighen

I congratulate you very sincerely for taking the stand you have for nationization of the railways -

I have only been looking on from the sidelines these recent years watching how history made itself & I have been dismayed & much discouraged by the attitude

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

of Dr Powers that Be's Nat.
Political expediency was the
chief aim & at the best
interest of Canada's future —

You have a hard fight
ahead but the aim is worth
all the struggle —

With appreciation & thanks
Yours very truly
Elizabeth Shortt —
(Mrs Adam Shortt)

1198803

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119804

Ottawa,
May 31, 1939.

S-A

John W. McConnell, Esq.,
President,
The Montreal Star,
Montreal, Que.

Dear Jack:

I appreciate very highly indeed the honour the Star has done me in printing the speech I made in the debate last Thursday, and as well for its very generous editorial comment. I am only regretful that the matter was not held over until the revised edition was out. I spoke so rapidly that the Hansard report was quite shocking.

Very kindest regards,

Yours sincerely,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119805

O t t a w a,
May 31, 1939.

S'A

Col. W. P. O'Brien,
Transportation Bldg.,
Montreal, Que.

Dear Colonel O'Brien:

Thanks ever so much for your very kind letter of 30th.

I have asked that a copy of what is described as the "alternative" report--that is, the one favouring unified management--be sent you, as well as copy of the speech I made in the debate on the subject last week.

Yours sincerely,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119806

W. P. O'BRIEN
TRANSPORTATION BUILDING
MONTREAL

May 30th, 1939

Dear Senator:-

Just a wee line to congratulate you on the magnificent address you delivered on the unifications of the railroads. This is one time I regretted not being a Senator to be able to have heard you personally.

It is a great fight you are putting up for your fellow citizens and fellow tax payers.

Wishing you a long life to continue the great fight,

Yours sincerely,

W P O'Brien.

The Honorable Arthur Meighen, K.C.
The Senate,
Ottawa, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119807

Ottawa,
May 31, 1939.

Mr. Douglas S. Laidlaw,
56½ Adelaide St. E.,
Toronto 2, Ont.

Dear Mr. Laidlaw:

I have your letter of 30th May. Personally I am very strongly against unification of Railways under Government operation. Have had enough experience to be thoroughly convinced that such a policy would be madness in a country like Canada.

The printed report of what I said in the debate last Thursday will shortly be out, and one will be sent you.

Yours very truly.

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

DOUGLAS S. LAIDLAW, B.A.Sc.
STRUCTURAL ENGINEER
56½ ADELAIDE STREET EAST
TORONTO 2
TELEPHONE ELGIN 5072

119808

ASSOCIATE MEMBER:
ENGINEERING INSTITUTE OF CANADA.
AMERICAN SOCIETY OF CIVIL ENGINEERS.
MEMBER:
ASSOCIATION OF PROFESSIONAL ENGINEERS
OF ONTARIO

May 30th, 1939

Rt. Hon. Arthur Meighen,
Parliament Buildings,
Ottawa, Ontario.

Dear Mr. Meighen:

Thank you very much for your letter of the 20th, and the copy of the day's proceedings of the Railway committee, in the course of which your report was presented. It amply deserved the endorsation it reeived from the Senate.

About once a session, if not oftener, it seems to me, the Senate amply justifies its existence by taking up a stand for the good of the country rather than for party advantage, a thing that an elected house cannot be expected to do very often, if at all. I am glad to see the Senate doing so on the railway question, and I hope that you can keep them at it until the government is forced to take some action.

I am afraid, however, that the government never could, even if it wished, get out of the railway business. To my way of thinking, it does not matter whether the C.P.R. or the C.N.R. absorb its rival, for, either way, the government will eventually own them both. I am afraid that is inescapable, much as I deplore it. Arguments over the nature and title of the amalgamation that must take place leave me rather cold. We might as well argue over what colour we should paint the stations.

To my mind, the only active railway executive that has shown any grasp of the problem is Sir Edward Beatty, and I hope he will have the satisfaction of seeing his public spirit vindicated. People are still too ready to mistake it for Machiavellan cunning.

Senator Dandurand's, and Mr. Hungerford's, quibbling over the amount of the estimated savings under amalgamation heartily disgust me. Is it not obvious, and sufficient, that there

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

will assuredly be savings from amalgamation? They talk largely of the neccessity of providing services for the good of the country, but what good it does the country to maintain branch lines to carry traffic that wont even pay for out-of-pocket expenses, I can't see. Again, what good purpose is served by duplicate lines and terminals all over the country? I am afraid their language is but a cloak for their thoughts or the lack of any serious thought.

Last December, andarticle appeared in 'Civil Engineering', published by the American Society of Civil Engineers, that interested me enough to get several re-prints for sending around to people I thought it would interest. I enclose one to you now. As the author points out, railways are a declining industry, and that quite apart from the effects of motor traffic, due to their own mistaken policies. Why, then, should we quarrel with wholesale abandonment of trackage? Is it not better to tear down the unused barns before they catch fire and burn down the house?

Please excuse my outbursts. I know you do not need them, and I know your opponents would not heed them, but I feel so strongly on the subject I must explode to someone, and, perhaps, exploding to you may help you in your campaign.

I should like to study the work of the Senate's railway committee further. Would it be possible for me to obtain a complete copy of its proceedings? I would even wade through another dozen of Mr. Hungerford's turgid letters to get at the bottom of the matter, and advance the cause of commonsense in railway management.

Thanking you again for your kindness, I am,

Yours very truly,

Douglas Macmillan

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

7-38.

# CANADIAN PACIFIC TELEGRAPHS

DIRECT CONNECTION WITH
POSTAL TELEGRAPH - CABLE CO.
COMMERCIAL CABLES - - IMPERIAL CABLES

MONEY TRANSFERRED BY TELEGRAPH

C.D. 1M

*This is a full-rate Telegram or Cablegram unless otherwise indicated by signal in the check or in the address.*

| TELEGRAM | | CABLEGRAM | |
|---|---|---|---|
| FULL RATE | | FULL RATE | |
| DAY LETTER | DL | CODE | CDE |
| NIGHT LETTER | NL | DEFERRED | LC |
| NIGHT TELEGRAM | NM | NIGHT CABLE LETTER | NLT |

W. D. NEIL, GENERAL MANAGER OF COMMUNICATIONS, MONTREAL.

STANDARD TIME

12 WA GB RS,

Pr Montreal Que June 1st

Rt Hon Arthur Meighen,

Ottawa Ont.

CALL LOCAL 483
for MESSENGER
Canadian Pacific Telegraphs
House of Commons.

Your letter 31 st arrangements entirely satisfactory.

S-H

E. P. Flintoft.

106pm.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119811

Ottawa,
June 1, 1939.

5/A

Douglas H. McDougall, Esq.,
President,
English Electric Co. of Canada Ltd.,
Toronto, Ont.

Dear Mr. McDougall:

I appreciate very much your letter of 21st May.

All that can be done now is to increase public interest and advance public thinking on the same subject. The Senate's action has contributed greatly to that end.

I will see that a copy of the speech to which you refer is sent you.

Yours sincerely,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J 19812

ENGLISH ELECTRIC COMPANY OF CANADA, LIMITED

TORONTO, CANADA.

OFFICE OF THE PRESIDENT

May 31st - 1939.

**PERSONAL**

The Right Honourable Arthur Meighen, P.C.,
320 Bay Street,
TORONTO 2 - Ontario

Dear Mr. Meighen:-

The vocabulary at my command fails me in adequately expressing to you my admiration for the able, valiant and statesmanlike manner in which you have advocated measures to cure one of the worst sores in the body politic, namely, the Railway Problem of Canada.

Your success so far in the Senate will, I hope, be the means of awakening public opinion to the extent that the Commons will feel obliged to reopen the matter at the next session and that within a reasonable time the taxpayers of Canada may receive tangible evidence of the results of your great efforts in the way of reduced taxation.

With my heartiest congratulations,
I remain

Very sincerely yours,

Douglas H. McDougall

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119813

/

5A

Ottawa,
June 1, 1939.

Mr. W. J. Graham,
Melita, Man.

Dear Mr. Graham:

I just received yours of 1st, and, as I remember you quite well, am very glad to hear from you.

I shall see that a copy of the speech which I made in the debate of last week is sent you as soon as printed.

Yours very truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

W. J. GRAHAM
MELITA, MANITOBA

119814

MELITA MANITOBA June 1st 1939

Senator A. Meighan

Dear Sir, The writer would appreciate a copy of the Senate Hansard containing copy of your speech on the Railway question, delivered recently. I think sir you are on firm ground in advocating co-operation in a single management of our railways. Organized labor will fight it, but the people, I believe are behind you

Yours truly W. J. Graham

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119815

Ottawa,
June 1, 1920.

5A

Mr. H. Boulay,
Kedgwick, N. B.

Dear Sir:

I duly received your letter of 20th May and have a great deal of sympathy with what you say as regards high salaries of railway officials.

I have asked that a copy of my speech on unified management be sent you as soon as it is printed.

Yours very truly.

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Kingsmill 3 mai 1899 119816

Hon. D. Meighen,

Sénateur

à Ottawa

Mon cher M.

Je viens de lire un résumé de votre discours au Sénat, contre l'amplication des chemins de fer et l'appareil en tous points ce que vous dites. Si le Gouvernement et l'opinion contraire, a tort - J'ai jamais déjà dit et répété à plusieurs là où je crois que réside la plus grande partie du mal je crois fait trop vite trop de beaux chemins pour les camions -

2e Les provinces devraient mettre des licences tellement fortes, pour aller bien que ça ne paierait pas de les prendre; tout à fait prohibitives -

3e Les employés des Chemins de fer sont trop chers - Il y a déjà un seul employé même le général Manager pour qui devrait toucher plus 5,000.00 par année et tous devraient être réduits jusque au bas de l'échelle, même les cantonniers qui sont payés 1.70 par journée de 8 heures, tandis que les journaliers

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Que travaillent à ici leurs 10 heures
n'ont que 1.25 à 1,50 par jour-
Le déficit provient des causes que je
viens de citer ci-haut-
4e De plus on devrait fermer les hôtels
qui ont des déficits -

Imaginez un simple quintuplement
de dimension qui a fait payer en 1890
$100.00 par mois et qui en reçoit
4 à 5 mille d'aujourd'hui, par année
à peu près le même coût pour la
vie; c'est monstrueux. Et la même
extravagance du haut en bas de
l'échelle. Toutes salaires et horbi-
tants pour encourager tout le monde et
surtout les simples journaliers
et causent un malaise extraordi-
naire dans le pays. —

Je vous rappelle que je vous
ai écrit contre le vote des femmes
et contre la mise en force de la loi
en 1917 et 18, pour ramener les cons-
crits et épargner raison - C'était
autant de dépenses inutiles, tout com-
me celles des armements actuels.

Croyez-moi
Votre tout dévoué H. Bourassa

Tournez s.v.p.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L'établissement des hauts salaires permet à tous les employés d'avoir une automobile plus les femmes devraient être employées à tous les emplois généralement.

H.B.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119818

Ottawa,
June 1, 1939.

S/

Mr. C. Stirling Smith,
President,
The Sterling Steel Co.,
St. Thomas, Ont.

Dear Mr. Smith:

I duly received your letter of 29th May and have today written to the C. P. R. suggesting that the London Superintendent get in touch with you.

Yours very truly,

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J.WILKOFF
CHAIRMAN OF BOARD

C.STIRLING SMITH
PRESIDENT

A.COOPER
VICE-PRESIDENT

J.N.LINDSAY
SECRETARY-TREASURER

119819

STERLING £ SERVICE

# The Sterling Steel Company
Limited

PHONE 2408

St.Thomas, Ontario

May 29th., 1939.

The Right Honourable Arthur Meighen,
The Senate,
OTTAWA, Ontario.

My dear Senator:

I want to thank you for your kind favour of the 20th inst., and will be only too pleased to follow your suggestion in this matter.

I am quite sure that our people would be just as well pleased to have this device tested by the Canadian Pacific Railway and if you can arrange with their Superintendent of the London, Ontario Division, to give it a test I will be more than grateful to you. Of course, if the London district is not equipped to make the investigation it would be satisfactory to have it tested out at the point that is best suited.

With very best regards, I am

Very truly yours,

CSSMITH/W

President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119820

Ottawa,
June 1, 1939.

D. C. Coleman, Esq.,
Vice-President,
Canadian Pacific Railway Co.,
Montreal, Que.

Dear Mr. Coleman:

A man whom I have known many years--C. Stirling Smith, now President of the Sterling Steel Company of St. Thomas, Ontario--controls some device for automatically pulling emergency brakes. He has asked me to help him get in contact with one of the Railways; hence this letter.

If you think it worthwhile, I thought you might ask your Superintendent at London to get in touch with him. Needless to say, you will deal with the subject wholly on its merits.

Yours very truly,

AK/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119821

GRANITE CLUB
TORONTO

June 1st, 1939.

Dear Senator:

As one who is not keenly interested in politics in so far as to whether a Conservative or Liberal Party is in power, I wish to take this opportunity of heartily congratulating you on your attitude and address regarding the Canadian National Railway, and I feel certain that the thinking people in Canada are entirely with you judging by the remarks I have heard from different quarters.

It is just pathetic that the Canadian National Railway question has for so many years been a political football, and in spite of the fact that the House of Commons apparently does not intend to take any action on your report, I think you have taken a very Statesmanlike stand.

Notwithstanding the laissez faire attitude of the Commons, I think you would be doing the Country an outstanding service by speaking, on every occasion that presents itself, on the Canadian National Railway problem, as in this manner public opinion will be focused on the question, and eventually place the matter beyond the question of mere votes. It seems to me that it is only by continuous reference to this problem by a political figure, such as yourself, that we will get any action in the way of unification.

Yours truly,

Ed. Brownell

The Rt. Hon. Arthur Meighen,
The Senate,
OTTAWA.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19822

5 A

Ottawa,
June 2, 1939.

E. A. Brownell, Esq.,
Granite Club,
Toronto, Ont.

Dear Mr. Brownell:

I thank you very much for your letter of 10th June.

I certainly have no desire to appear to be heading any campaign, but am anxious to contribute in a quiet way to advance public thinking on the railway issue. Some real progress has already been made, and I think more will follow rapidly.

I am arranging to send you copy of my speech made in last week's debate.

Yours very truly.

AM/E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119823

S'A

Ottawa,
June 2, 1939.

Mr. E. P. Flintoft, K. C.,
Legal Department,
Canadian Pacific Railway Co.,
Montreal, Que.

Dear Mr. Flintoft:

Mr. Meighen has received a request from the Citizens Group for Railway Action, Toronto, for 700 copies of his speech on unified management. He will send these, together with 700 copies of the Report, and suggested that I advise you in case you had this organization on your list.

Yours very truly.

E. Private Secretary.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119824

Ottawa,
June 2, 1939.

Mr. E. P. Flintoft, K. C.,
Law Department,
Canadian Pacific Railway Co.,
Montreal, Que.

Dear Mr. Flintoft:

I am returning to you herewith a folder which you left with Mr. Meighen regarding Mr. Biggar's Memorandum of Evidence.

Referring again to the matter of Mr. Meighen's speeches and reports re unified management, Mr. Meighen decided today that he would require only 1,000 copies of the latter, so the remaining 24,000 will be sent to Mr. McGill. We are, however, taking 2,000 copies of the speech.

Yours very truly,

E.
Encl.

Private Secretary.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19825

320 Bay Street, Toronto,
July 20, 1940.

Mr. K. Len Carter,
McDonald, Currie & Co.,
69 Yonge Street,
Toronto, Ont.

Dear Sir:

I have your letter of 18th forwarded from Ottawa with a suggestion as to policy respecting Canadian National Railways designed to reduce losses.

It is not possible for me now to go into the matter at length, but I fear the plan you have in mind would not be practical.

The Report of the Special Committee of the Senate, presented to Parliament and the country in 1939, does I think point the way to the only effective solution of the Railway problem in Canada.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19826

*McDonald, Currie & Co.*

*Chartered Accountants*

MONTREAL

G. C. McDONALD — G. S. CURRIE
K. G. BLACKADER — L. N. BUZZELL
J. A. DeLALANNE — S. H. DOBELL
T. P. JONES — D. L. ROSS
H. C. HAYES — F. L. WINDSOR
W. J. B. GENTLEMAN — C. W. LEACH
M. W. MACKENZIE

TELEPHONE WAVERLEY 3283
CABLE ADDRESS "CURMAC"

QUEBEC
R. H. KENNEDY

TORONTO
K. LEM. CARTER

OTTAWA
N. WAINWRIGHT CLEARY

69 YONGE ST.
TORONTO

18th. July, 1940.

HOWARD SMITH
Egyptian Parchment

Rt. Hon. Arthur Meighen,
Ottawa, Ont.

Dear Mr. Meighen:

Enclosed herewith is a brief memorandum respecting a suggested cure of the C. N. losses.

If you consider that there is any merit in the idea it could be developed and perhaps made the subject of publicity.

Yours very truly,

K. L. Carter

KLC/VM
Encl.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEMORANDUM

119827

Over one-half the Canadian national debt is due to the C. N. R. Many people believe we have not received value for this expenditure and are not at present receiving value for the half million dollars per week, or more that is being lost by the National railways. We are at war and the C. N. loss is equal to the cost of five bombers per week. It is the purpose of this memo to suggest a means by which C. N. losses can be forthwith eliminated by the simple expedient of reporting clearly where the losses occur.

Let the railway no longer receive advances from the Federal Treasury and in future, out of operating income, service such portion of its debt as may be determined to represent a fair value of its equipment. The balance of its debt must be written off to folly and charged to the National Treasury.

Without some means of recompense for operating lines maintained to develop the country rather than for immediate profit the C. N. would be required to cease its 'development' lines, perhaps to Canada's detriment. In order that no such damage be done to the progress of the Dominion 'development' lines would receive assistance from the Federal Treasury by way of specific subventions. These grants would be published annually together with reports as to the benefits obtained therefrom.

Subventions and their amounts would be determined by a board which would enquire into costs and consider the benefits of the line and the extent of service desirable. All subventions would naturally be reviewed annually.

It is readily admitted that such a practice would not by itself either reduce costs or increase revenues, but certainly the first step to correction is to know the facts and what is here suggested would clearly show every taxpayer where the country is dissipating the equivalent of five bombers per week.

This claim is, I think, too modest and would probably be far exceeded, for, if each portion of the C. N. loss was required to be justified by an equivalent benefit, no doubt a large part would be unjustifiable and immediately eliminated.

K. LeM. Carter
Toronto, July 17th.,1940

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Joint Legislative Committee / 9828
Railway Transportation Brotherhoods

11-20

506 Birks Building,
Ottawa, Ontario, February 28th, 1941.

Right Hon. Wm. L. Mackenzie King, C.M.G., P.C., L.L.D.,
Premier and President of the Privy Council,
Parliament Buildings,
O T T A W A.

Dear Mr. Premier:

We are enclosing, herewith, two copies of our Memorandum of Proposed Legislation, a copy of which is going to each of your colleagues in the Cabinet and to the Leaders of Opposition groups in the Commons and in the Senate.

Because of the heavy responsibilities devolving upon yourself and colleagues during the critical period through which we are passing, we have refrained from making any specific request for a conference to discuss the items submitted. However, as intimated in our Memorandum, if in the Government's consideration of these items it is desired to confer with members of our Committee, we shall be glad to accommodate the convenience of yourself or colleagues on receipt of due notice.

Respectfully yours,

WM. L. BEST,

Secretary,
Dominion Joint Legislative Committee.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119829

MEMORANDUM OF PROPOSED LEGISLATION

SUBMITTED BY THE

DOMINION JOINT LEGISLATIVE COMMITTEE,

OF THE

RAILWAY TRANSPORTATION BROTHERHOODS.

---

OTTAWA, ONTARIO, FEBRUARY 28TH, 1941.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119830

MEMORANDUM OF PROPOSED LEGISLATION SUBMITTED ON BEHALF OF THE DOMINION JOINT LEGISLATIVE COMMITTEE OF THE RAILWAY TRANSPORTATION BROTHERHOODS.

Ottawa, Ontario, February 25th, 1941.

To the Right Honourable the Premier
and Members of the Cabinet.

Honourable Sirs:

It has been our custom for many years to prepare and submit for discussion and consideration a Memorandum of Proposed Legislation prior to the opening of each Session of Parliament. While representing a large body of workers engaged in railway transportation we have endeavoured to bring to the Government their views as railway employees and as citizens.

In our present Empire crisis we fully appreciate the heavy responsibilities attending the various matters engaging the attention of yourself and colleagues at this time. For this reason, we refrain from requesting a conference and submitting a Memorandum appropriate to peace time conditions. However, there are one or two important items which concern those we represent and involve the collective and individual responsibility of all in our war effort and the period of re-adjustment which must follow the conclusion of hostilities.

1. PENSIONS FOR HARBOUR BOARD EMPLOYEES.

For sometime prior to the present war period, we have been pressing for the establishment of a Pension Plan to cover employees under the jurisdiction of the National Harbours Board. Repeated discussions have been had with the Minister and with the Board. Intimation was given that a plan was being worked upon. From all discussions we have been promised that favourable consideration had been given and definite progress would be made. Despite the time which has elapsed since our first approach on the subject, no pension plan has been made effective and our men are reaching an age where the quota retired annually without any pension is reaching serious proportions. Obviously, the employees are anxiously waiting an early announcement of a retirement plan being made effective.

2. NATIONAL TRANSPORTATION POLICY.

As intimated in our Memorandum presented under date of May 27th, 1940, former submissions have dealt exhaustively with important phases of Canada's transportation problem. These have emphasized the disastrous effects which unregulated highway competition has had on the steam railways. Obviously we are confronted with constitutional difficulties when proposals are made to place all forms of transportation under a central govern -

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119831



ment authority for equitable regulation and effective control. Pending the necessary amendments to the British North America Act, attention is directed to the suggestion contained in the Report of the Royal Commission on Dominion-Provincial Relations, reading as follows:

> "The Commission has come to consider the transportation problem of Canada one of the problems which cannot be solved without close collaboration between the Dominion and the provinces. It realizes, however, that its own technical competence is slight in this field and has, therefore, confined itself to discussing the issues which will have to be faced, in the hope of doing something to clarify the problem of jurisdiction. It points out, however, the great advantage which might be derived from a Transport Planning Commission which would be concerned both with planning transportation developments in a broad way, and with facilitating the co-operation between the Dominion and the provinces in transportation matters which is necessary for the taxpayer."

3. SIROIS REPORT.

We deplore the circumstances which made it impossible to give due consideration to the several recommendations of the Report of the Royal Commission on Dominion-Provincial Relations, at the recent Conference which convened in Ottawa January last for that purpose. The Commission observes that the decisions underlying the recommendations were reached before the outbreak of War; but it also points out that the basic recommendations concerning the re-allocation of the functions of government and the financial relations of the Dominion and the provinces were framed with the possibility of emergencies in mind and are sufficiently flexible to be adjusted to any situation which the War may produce. It is our sincere hope that the necessary co-operation may yet be secured to make possible the implementing of those important recommendations, the need for which, the Commission states "is far greater and far more urgent in time of war and of post-War reorganization than it is in time of peace."

4. ST. LAWRENCE DEEP WATERWAY.

The proposed deepening of the St. Lawrence Waterways has been the subject of repeated and consistent representations by our group in opposition to the project. Present or anticipated transportation requirements do not, by any stretch of imagination, warrant the expenditures which would be involved, especially at this time. With respect to power required for our war effort, as intimated by some exponents, we believe there is sufficient

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0.19832



power available within the borders of Canada to supply our maximum production demands. Therefore, we desire to again register our strenuous opposition to the expenditure of public money for such an unnecessary project.

5. INCREASED APPROPRIATION TO RAILWAY GRADE CROSSING FUND

With a view to the conservation of human life and property, it is again respectfully urged that the annual appropriation to the Railway Grade Crossing Fund be increased to at least five hundred thousand dollars and that Section 262 of The Railway Act be amended accordingly, at the present Session of Parliament.

To the foregoing items we respectfully urge the favourable consideration their importance warrants, consistent with other demands upon your time. If, in the consideration of these items, it is desired to confer with members of our Committee, we shall be glad to accommodate the convenience of yourself or colleagues on receipt of due notice. For many years our Brotherhoods have been ready and have shown our willingness to co-operate with the Government of the day in dealing with national problems. At this critical time, we are even more anxious to assure you of our desire to continue that co-operation on any matters concerning which we may be of service.

Respectfully submitted,

J. B. WARD,
Assistant Grand Chief, and
Dominion Legislative Representative,
Brotherhood of Locomotive Engineers.

WM. L. BEST,
Vice-President and
National Legislative Representative,
Brotherhood of Locomotive Firemen and Enginemen.

THOMAS TODD,
Vice-President and
Dominion Legislative Representative,
Order of Railway Conductors.

A. J. KELLY,
Dominion Legislative Representative,
Brotherhood of Railroad Trainmen.

W. H. PHILLIPS,
Vice-President,
Order of Railroad Telegraphers.

J. J. O'GRADY,
Vice-President,
Brotherhood of Maintenance of Way Employees.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119833

Ry

COPY

June 9, 1941.

Hon. J. L. Ilsley,
Minister of Finance,
OTTAWA, Ontario.

Dear Sir:

Re: Free Passes

In reading Hansard dated May 20, 1941, I find on page 3233 where you make the following statement;

" It is part of their remuneration or wages. I consider that if we were to begin collecting transportation taxes from these employees of the railway companies, many of whom have to use the railways to go from one place to another, in the discharge of their duties on the railways, we would be following an improper procedure. "

In view of such please advise if it is your intention to collect the National Defense Tax on all those, except using work passes, receiving passes in lieu of remuneration or wages.

Yours truly,

JFM/GW

J.F.MacMillan.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 188)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS

Series 5

(M.G. 26, I, Volume 189)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119834

Statements forwarded to Dept. of Railways & Canals

| | No.of Pages | No.of Copies |
|---|---|---|
| **Weekly** | | |
| Copies of minutes of Trustees' meetings | Various | 2 |
| Weekly earnings statement | 2 | 4 |
| Explanation of weekly earning statement | 3 | 3 |
| **Monthly** | | |
| Advance statement of operating results | 1 | 2 |
| Income statements of railway and steamships | 88 | 4 |
| Income statements of Hotels and Subsidiary Companies | 63 | 2 |
| Statement of capital expenditures (in detail) | 250 | 1 |
| **Annually** | | |
| Complete details of the accounts | 275 | 3 |
| Comparison with previous year's accounts | 192 | 4 |
| Book of special statements | 250 | 4 |
| Receipts and expenditures since 1922(in detail) | 32 | 4 |
| Review of all outstanding securities | 318 | 2 |
| Synoptical history of companies comprising the C.N.R. | 467 | 4 |
| Statements re C.G.R. for inclusion in annual report of the Dept.of Railways & Canals | 11 | 1 |
| Annual Report of Eastern Lines | 22 | 1 |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

## Statements forwarded to Dept. of Railways & Canals

| | No. of Pages | No. of Copies |
|---|---|---|
| **Weekly** | | |
| Copies of minutes of Trustees' meetings | Various | 2 |
| Weekly earnings statement | 2 | 4 |
| Explanation of weekly earning statement | 3 | 3 |
| **Monthly** | | |
| Advance statement of operating results | 1 | 2 |
| Income statements of railway and steamships | 88 | 4 |
| Income statements of Hotels and Subsidiary Companies | 63 | 2 |
| Statement of capital expenditures (in detail) | 250 | 1 |
| **Annually** | | |
| Complete details of the accounts | 275 | 3 |
| Comparison with previous year's accounts | 192 | 4 |
| Book of special statements | 250 | 4 |
| Receipts and expenditures since 1922(in detail) | 32 | 4 |
| Review of all outstanding securities | 318 | 2 |
| Synoptical history of companies comprising the C.N.R. | 467 | 4 |
| Statements re C.G.R. for inclusion in annual report of the Dept. of Railways & Canals | 11 | 1 |
| Annual Report of Eastern Lines | 22 | 1 |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119836

THE SENATE OF CANADA

---

SPECIAL COMMITTEE

APPOINTED TO

ENQUIRE INTO AND REPORT UPON THE BEST MEANS OF

RELIEVING THE COUNTRY FROM ITS EXTREMELY SERIOUS

RAILWAY CONDITION AND FINANCIAL BURDEN

CONSEQUENT THERETO

---

Submission In Reply By

SIR EDWARD BEATTY

Chairman and President

Canadian Pacific Railway Company

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES

ARCHIVES PUBLIQUES

CANADA

119837

Honourable Members of the Committee:

The terms of the resolution of the Senate appointing you show that you are "To Enquire into and Report Upon the Best Means of Relieving the Country From Its Extremely Serious Railway Condition and Financial Burden Consequent thereto".

Since I last appeared before your Committee you have heard a great deal of evidence from the officers of the Canadian Pacific and Canadian National Railways. As our Vice-President has told you, our officers have given their reasons for certain estimates which they have prepared. The corresponding officers of the publicly-owned railway have offered certain criticisms of our figures.

You will have noted a pronounced difference in point of view. With few exceptions the officers of the Canadian National Railways have followed their Chairman and President in bringing into the discussion their view of what they call the "public interest". They admit that savings could be obtained by unifying the managements of the railway systems, but they assert that anything accomplished in this direction would be more than offset by the disturbance to public and private interests which would result.

I believe that it is fair to say that the officers of the Canadian National assume that the people of Canada desire to pay a large amount of money each year for the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119838



privilege of owning and operating a railway system, and do not wish the results of this railway to be subject to measurement by the ordinary yardstick of commercial administration.

In my judgment these are unwarranted assumptions, but they may explain the difference in attitude of the two groups of officers, and I suggest that, in appraising their evidence, this distinction should be kept in mind.

In the early part of your Proceedings it is shown that you proposed to ascertain why co-operation, as defined in the Canadian National - Canadian Pacific Act of 1933, has not produced more immediate and important savings, and then to study the unification of railway management, and an estimate of the savings which were possible under it.

In addition, it has been suggested by the officers of the Canadian National that consideration should be given to some new form of coercion to be exercised to force co-operation.

The evidence has shown that the Canadian Pacific has always co-operated willingly. Furthermore, it is obvious that it was in its own interest to do so.

The facts are simply that co-operation can only produce very limited savings while competition is maintained. Important measures of joint economy will never be effected in Canada until some arrangement is made by which their results are shared automatically by the two railways. That, I think you will realize fully.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119839



I most strongly dissent from any suggestion that the policy of the Canadian Pacific is less considerate of public opinion than is that of its competitor. This is disproved by its record of efficient service of high quality. If there were any truth in such a suggestion, however, it would support the view that my Company would have less to fear from any unpopularity of co-operative measures than would the Government railway.

When you turned to discuss unification, I note that your Proceedings show various references to the "case" of the Canadian Pacific Railway. This reveals a misconception. The officers of this Company have had no case to make. They have merely given evidence as to methods which might be adopted, in their opinion, to reduce the waste of money on railway transportation. Our Vice-President has summarized their evidence on this point, and dealt with the criticisms of it made by officers of the Canadian National. No evidence has so far been presented which would cause me to alter my opinion that our original estimate of savings in the order of $75,000,000 per annum in normal times is realizable. Mr. Coleman has dealt with the question of the scale on which savings might be expected in the present depressed conditions of business.

In answer to enquiries from your Committee, some of the officers of the Canadian National have suggested that the savings so far agreed upon under co-operation, of approximately $1,700,000 per annum, might be increased to

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119840



$10,000,000 per annum, provided that some Board is set up which will relieve the railways of the odium of initiating economies. Since the Canadian Pacific has suggested that economies may be made of a much larger sum per annum, it must be clear that it does not fear this odium. The officers of the Canadian National may, but, since any form of co-operation, compulsory or otherwise, can only obtain its initiative from a suggestion from some quarter, it must be evident that to add a representative of the Government to the Co-operative Committees of the two railways is merely to suggest that the state must take over the burden of odium from the Canadian National Railways. After all, is this not merely to say that this department of Government is to be relieved from the duty of economizing?

My objections to this new plan of coercion are two-fold. In the first place, I cannot see that it would overcome the objections offered to unification. The only real reasons against the adoption of unified management so far offered to my knowledge are that the savings under it would not be as important as I believe them to be, and that the adoption of the measures of economy which would result would be offensive to public opinion. It is admitted that all the savings possible under unification cannot be made under co-operation. In many cases competitive conditions will prevent the removal of duplicate services under co-operation which could be eliminated, without inconvenience to the public, under joint management. Further, co-operation - compulsory or otherwise - cannot remove unnecessary duplication of head offices and supervisory

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119841



and soliciting staffs. Certainly, co-operation as far as it eliminated duplication of service and created economies by dispensing with unnecessary employment, would meet the same opposition that is shown to unification.

Beside these objections, I see a very distinct injustice to the Canadian Pacific in such a proposal. It is a revision of one made by the late Sir Henry Thornton before the Royal Commission, when he suggested a new type of Board to administer the Canadian National, and have supreme control of the operations of both companies. The same theory of power to control our operations without financial responsibility is behind the present suggestion.

It should only be necessary for me to call your attention to Clause 7 of the Canadian Pacific Charter, which provides that "the Canadian Pacific Railway shall become and be thereafter the absolute property of the Company, and the Company shall thereafter and forever efficiently maintain, work and run, the Canadian Pacific Railway". That imposes on us obligations in return for which we hold certain rights.

In the plan submitted to you it is proposed to substitute for this arrangement the creation of a tribunal, on which the Company would have only a minority representation, with power to deal at discretion with the Company's property and its services, without regard to the statutory responsibility of its directors, and with no responsibility to anyone should damage result to the Company's interests. This principle I cannot accept.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119842



The idle objection to my contention is interposed that subjection of every railway to the power of the state is admitted. That the state has the right to hold the balance as between railways and the public, no one will deny. That this theory can be converted into one under which the state might have the power to sacrifice the interests of a private corporation for the purpose of easing the burdens of the state in connection with its operation of a publicly-owned railway is an extension of the principle of state control which I cannot believe would commend itself to the people of this country.

Co-operation, as provided for in the Canadian National - Canadian Pacific Act, was adopted after estimates of large savings under it had been offered by the Canadian National Railways. It was argued - and without qualifications - that $35,000,000 or $24,000,000 per annum could be saved. At that time I ventured to suggest that the savings would be very much smaller. I am convinced that the present attempt to focus your attention on the possibility of attaining even the small figure of savings now estimated to be practicable under coercion is merely another effort to withdraw your attention from the far greater savings which can be made by unified management.

The ingenious suggestion is offered that perhaps, if your Committee will express a firm opinion against unification, this would permit greater progress with co-operation. I have already pointed out that there has been no delay or lack of interest in connection with co-operation, on the part of the Canadian Pacific Railway. We believe in savings by co-operation, and only object

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

to the present system because it is inadequate. Therefore, no statement that the complete co-operation known as unification is not to be tried would cause us to alter our attitude in respect of the importance of making any possible savings by incomplete co-operation. I do not see why fear of unification should limit the efforts of co-operation of the officers of the Canadian National - unless it is meant that, fearing that success in obtaining savings by co-operation may prove the advantages of unification, they have deliberately limited their efforts.

These remarks sum up all that I have to offer you at this moment concerning the respective merits of co-operation, unification, and coercion. With your permission I should like now to answer certain questions put to me by Senator Dandurand, in a statement read to this Committee at the close of your sitting of June 2nd, and printed on Page 1003 of the Proceedings.

Senator Dandurand stated that his enquiries were the result of his understanding that the Canadian Pacific had submitted to the Royal Commission suggestions with respect to the division of net income under unification, and urged that this information should also be given to your Committee.

The document in question is incorrectly described. It contained, in the form requested by the Royal Commission, studies of how the public revenues would benefit from various possible divisions of the net income of the unified railways. It contained no offer of terms, but - as with our estimate of savings - was merely an illustration of possible benefits. The document handed to the Royal Commission was prepared and transmitted in confidence. I believe that

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

 L.119844

such confidence should be respected.

I can deal quite readily with the specific questions asked by Senator Dandurand. The first concerns the assets which the Canadian Pacific is prepared to put into the unified railway system. As I have pointed out, my suggestion does not involve any transfer of assets. It merely covers the entrusting by each of the railway companies, to a joint management, of certain railway properties, and I assume that Senator Dandurand wishes to know what assets of the Canadian Pacific would contribute to joint earnings under unified management.

I should recommend to our Directors and shareholders that these include our rail lines in Canada, in Maine, and in Vermont; our lake, river and coast steamships, and our telegraph, express and hotel systems.

If the Government desired, after considering all the extremely important questions of national marine policy involved, to include ocean steamships, arrangements could probably be made. Clearly, the Company's right to a share in the net earnings of the unified system would be affected by the amount of the earnings from such assets included in the agreement for joint management.

Obviously, the entrusting to joint management of most of our non-railway assets would not increase the earnings from them, and therefore they should not be included.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 119845



The second question deals with the share of the net earnings of the unified system which the Company would expect, the period of experience to be used, the ranking of payments, and the other factors in a formula of division. The number of possible arrangements is almost unlimited. I can only suggest that a general description of the proposal is that the share of net earnings to be received by each of the participants in the plan of unification would be defined in an agreement to be made by authorized representatives of the Government and the Company - subject to ratification by Parliament, and by the shareholders of the Canadian Pacific.

Senator Dandurand's third question seeks information as to what assets the Canadian Pacific would pledge as security for a guarantee by the Government of any old or new capital obligations. In the unlooked-for event of a request for such a guarantee, the security would be whatever was agreed upon by the Government of the day and the Company.

It may be interesting for you to know that the equity of the ordinary and preferred shareholders of the Canadian Pacific Railway as at December 31st, 1937 amounted to over $753,000,000 as against an aggregate par value of their holdings of approximately $472,000,000. The equity represents the difference between the total assets of $1,382,062,058.01 and the amount of capital liabilities, current liabilities, deferred liabilities and reserves, aggregating $628,873,682.02.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119846



Senator Dandurand is evidently under a misapprehension when he says that I ask this Committee to endorse a plan in principle, leaving the details for the formal contract. I have made no request of any kind to this Committee. I have given evidence, at the call of this Committee, concerning a certain suggestion of my own to assist in relieving the country from its extremely serious railway condition and financial burden consequent thereto - which your Committee was appointed to consider. No action to implement that suggestion can be taken at this stage other than for the Government to accept the offer to discuss the problems, and endeavour to negotiate an agreement.

Incidentally, it is not an offer to establish unification on certain precise and detailed terms, but a suggestion to the owners of the National Railways to consider the formulation of a plan. The Government of Canada must be satisfied with the terms, which can only be reached by negotiation. Equally, they must be approved by the shareholders of the Canadian Pacific, and, probably, by its security-holders as well. They are informed that the Directors of the Company and myself are willing to discuss terms with the Government, but I am no more able to bind them to a detailed agreement than are the members of this Committee to contract on behalf of the Government - which is precisely why I cannot commit myself at this time to the discussion of details of a possible arrangement.

It has been admitted that the present railway situation produces losses to the public treasury which are of an alarming nature.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.19847

You are now informed that little or nothing can be done about the situation, and that railways in the wrong place and duplicate railways must always remain in existence and must always be paid for from the taxes because, for some extraordinary reason, it is in the national interest. I cannot accept this attitude of defeatism as the proper solution of an admittedly grave national problem.

When, in the face of these facts, I suggest that we try to make savings by combining the operations of the Canadian National with those of the Canadian Pacific, I am met with the statement that this would be destructive to the public interest. All that I can say on that point is, if the argument be a sound one, then it must have been very wrong for the officers of the Canadian National to undertake the economies which they are inclined to boast they have made since 1930. In 1937, the expenses of that system were $47,000,000 less than those for the year 1930. How can this be in the public interest if it be now wrong to proceed to save $75,000,000 more? Were not services reduced in the past seven years? Were not unnecessary employees laid off? Were not purchases reduced? If these were good things to do because the railway would otherwise have lost large sums of money each year, would it not be well to do the same things again when the railways are continuing to lose large sums of money each year? For my own part, I cannot accept any other conclusion.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119848



The argument of politics is not for me to answer. All that it means is that the Government must choose between spending money for unnecessary railway services or using that money for more effective and constructive purposes. The decision on that point is one for Parliament to make. Can this argument be legitimately adduced by the officers of the Canadian National Railways to show why they object to further savings in railway transportation? Their answer for all practical purposes is to do nothing and wait for times to be better. Mine is to make savings.

May I suggest to you that you have now reached the stage when you may properly recommend a checking by experts of these various estimates and conclusions,and when I say experts I mean independent experts, not associated in any way with either Company. There are firms of engineers who for years have specialized in prescribing for transportation situations which are uneconomical and unwholesome, I would think that the Committee might be warranted, as the next step, in recommending that such an examination should be made, and that the books and data of both Companies should be thrown open to the enquirers and their properties thoroughly inspected. The resultant report to the Government would be illuminating and, in my judgment, very valuable.

The railway problems which your Honourable Committee is investigating are set out in the terms of your reference. I can contribute nothing more to their solution than my personal assurance that if the Canadian Pacific can, under the ordinary rules of prudence and equity, assist the Government to a solution, that assistance is at the disposal of the nation.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

# PUBLIC ARCHIVES
# ARCHIVES PUBLIQUES
## CANADA

THE SENATE OF CANADA

---

SPECIAL COMMITTEE

APPOINTED TO

ENQUIRE INTO AND REPORT UPON THE BEST MEANS OF

RELIEVING THE COUNTRY FROM ITS EXTREMELY SERIOUS

RAILWAY CONDITION AND FINANCIAL BURDEN

CONSEQUENT THERETO

---

Evidence of

MR. D. C. COLEMAN

Vice-President

Canadian Pacific Railway Company

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES

ARCHIVES PUBLIQUES

CANADA

119849

Honourable Members of the Committee:

It has appeared desirable, in view of certain evidence given by officers of the Canadian National Railways, to have an officer of the Canadian Pacific Railway appear before you not so much to engage in rebuttal of the statements made in criticism of the estimates of savings under unification given you by our officers, as to correct any possible mis-apprehension which may result from certain remarks in that evidence.

The impression has been created - through no words of our officers - that unification, on the basis of making the economies included in our estimate of savings of $75,000,000, is a plan evolved by the Canadian Pacific Railway, of its own initiative, in order to obtain control of the Canadian National. Requests of a Royal Commission in 1931-2 to officers of both systems, to develop the facts in connection with a suggestion for unified management, resulted in the preparation of estimates of savings, to illustrate the extent of possible economies. These estimates were not in any sense parts of unification proposals.

As an officer of the Canadian Pacific who received these instructions from the Royal Commission, I can assure you that the facts as I have given them are correct.

As you will have noted, and as Mr. W. M. Neal, Vice-President of Western Lines, has impressed upon you, our officers in preparing their estimates, used the care which is customary with the Canadian Pacific and other large organizations in preparing estimates on which to base business policies. Our officers were

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119850

aware that this estimate was being prepared for the information of a Royal Commission, and that their responsibility for accuracy was a serious one. The preparation of each detail of the estimate was confided to those engaged in that branch of railway service. As our estimates necessarily took into account such statistics as we had concerning the results of Canadian National operations, it may be well to point out that our officers took into consideration at all stages the comparability of the accounting methods of the two railways.

Even before any estimate had been requested by the Royal Commission, officers of the Canadian National had, on instructions of their President, prepared and submitted an estimate of possible savings in a normal year of $56,000,000. The validity of this estimate is now denied, and an attempt is made to indicate that it was based on conditions of neglect of the public interest which made it impossible of realization. As the Exhibit filed with you shows, it was made in complete detail and bears every evidence of being a serious attempt to value the possible savings from unification.

In addition the Canadian National submitted to the Royal Commission estimates of $35,000,000 and $24,000,000 to be saved annually by the system of co-operation, whose failure has been described to you. There is no record of any qualifications attached to these, and the comment which accompanies them, as well as the circumstances surrounding their preparation

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

and submission, make it evident that they were offered as showing how co-operation would solve the railway problem. As one who was closely in touch with Enquiry made by the Royal Commission, I have always believed that it took all these estimates seriously, and endorsed co-operation as a substitute for unification largely because of the figures furnished by the Canadian National.

Beyond the suggestion of compulsory co-operation the officers of the Canadian National had no contribution to make to your investigation except certain criticisms of details of the Canadian Pacific estimate of savings. Our estimate might well require some correction were we to have available as complete information concerning the operations of the Canadian National Railways as we have about our own. Our officers, listening carefully to the evidence given by corresponding officials in the Canadian National, inform me that it would not be difficult to indicate misstatements of fact and errors of judgment in their comments on the Canadian Pacific estimate. They tell me that they can trace much misunderstanding concerning the basis on which we made our estimate - especially in connection with certain references to the use of Canadian Pacific unit costs. This, of course, is not surprising when you realize that several officers of the Canadian National have admitted that they have not given consideration to the subject of the savings from unification in the past, but have only recently prepared memoranda calculated to disprove the validity of our estimate.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119852



For example, the officers of the Canadian National argue that our officers had made a mistake in suggesting that unit costs of the Canadian Pacific might be applied to operations of the Canadian National. They insisted that certain conditions make it inevitable that the Government railway will have higher unit costs than its private competitor. There is no intention on our part to impugn the efficiency of Canadian National operations. Our application of Canadian Pacific unit costs in the estimate was based on the simple assumption that as a result of unification there would be created a single well co-ordinated railway system operating on a larger scale than either of the present railways. In such circumstances, it does not seem unreasonable to hope that its operations can be carried on at unit costs as low as, or lower than, are those of the Canadian Pacific.

I seem to trace throughout the Canadian National evidence the general misapprehension that our estimates are based on the fact that we consider the Canadian Pacific a more efficient railway than its competitor. This is not the point. It is not a question of what will happen to two separate railways after unification but of what will happen to a single unified railway. What we argue is that a single railway can be operated at lower unit costs than can two as a direct result of unification. It would be very regrettable if the question of unification is to be discussed on the basis that it is a mere turning over of one railway to the officers of another railway to operate. It is a plan for using all the best equipment and resources of two railways in the joint operation of a single system - for the joint advantage of the owners of both systems.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Subject to the wishes of your Committee, it is not proposed to offer witnesses in rebuttal, since there is no desire on our part either to extend the length of your hearings, or to convert the record of your Proceedings into a mere register of differing opinions. If you desire to examine witnesses among the Canadian Pacific staff in order to determine whether the criticisms of their estimates have been such as to justify general distrust in either their competence or sincerity, I trust that you will recall them.

The Canadian Pacific has offered a suggestion for the solution of the problem before you. It is based on estimates of savings which could, we believe, be realized without depriving any community of adequate service or neglecting the rights of labour.

So much of the evidence of the Canadian National was directed to proving the extent of economies in that System's operations since 1930 that I must point out that this again was not pertinent to your investigation as I understood its purpose. Our estimate was definitely based on the conditions of 1930, and we have endeavoured to alter it to reflect permanent changes which have occurred since then. We have admitted that, to some extent, these changes have resulted from other causes than depressed conditions of business. Mr. Neal dealt with this and pointed out that while we have not attempted to make a complete estimate of savings by unification under the conditions of 1937, the combined expenses of

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

the railways in 1937 were $79,643,000, or 20.7%, less than in 1930, and that, if it be assumed that all the unification economies possible in 1937 had fallen in the same proportion as the reduction in expenses of the two railways operated separately, the estimated saving of $75,373,000 would be reduced to $59,740,000. He reminded you that in this connection it should be kept in mind that the level of wages in 1937 was appreciably below the levels of both 1930 and 1938.

The Canadian Pacific officers admit, of course, that permanent economies made by the Canadian National and ourselves will affect the possible savings from unification but, after considering our estimate, we feel that this factor would fail to compensate for unestimated economies, and warn against too general assumptions that expenses will not rise almost in proportion to increasing revenues. The compulsory co-operation estimate of the Canadian National lately offered has been supported by the statement that its benefits will increase as traffic conditions improve.

We have assumed that the process of rationalizing the transportation machinery of the country would be carried out with care, and that its effects would be spread over a period of years, and thus be prevented from disturbing seriously either public or private interests. Public opinion will not interpose objections to measures which do not produce serious public or private losses.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119855



I am therefore confident that no part of the suggestions of the Canadian Pacific Railway need be regarded as in itself certain to produce grave difficulties for the national Government, and I think that I can demonstrate this quite clearly in discussing certain references to a schedule of lines which might be abandoned. This schedule was submitted by the Canadian Pacific at the request of the Royal Commission in 1931-2, and was furnished to that body in confidence,

You have learned that the total effect on the savings from unification of abandoning none of the lines in the schedule would be a reduction of the estimate by about ten percent.

Looking over the public statements of our Chairman and President, I find few references to line abandonment, and those of a general character. In only one case - a direct answer to a direct question - did he refer to the figure of 5,000 miles of abandonments so freely used as describing the consequences of any plan of unification.

It is thus evident that the emphasis laid on line abandonment must have come from other quarters, and I suggest that it results in part, from misunderstanding, and, in part, from ingenious propaganda intended to convince the public that any plan of unification necessarily involves line abandonment on a large scale.

This belief is, of course, incorrect. What has been suggested is a general plan for establishing joint management of the railway systems for joint interest of their owners. No detailed plan has been worked out or offered.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119856



It should be borne in mind that the preparation by the Canadian Pacific of a schedule of line abandonments was at the request of the Royal Commission, following the submission of a similar schedule by the officers of the Canadian National- prepared by them before the Royal Commission was appointed. Indeed, the Royal Commission specified to us many of the lines- such as those from Sudbury to Fort William, Saskatoon to Unity, and Kamloops to Hope- where very obvious duplication had impressed the Commissioners, and directed that these be included in the study of line abandonments.

Unification of the railways in one way or another has been before the public of this country for many years, but line abandonment as a factor in it was never generally discussed until the Royal Commission investigation. A suggestion that savings from this source should be included was made by the Royal Commission directly to Mr.A.E.Warren, Vice-President of the Canadian National Railways, and myself, and I am, therefore, in a position to inform you accurately as to the origin of this discussion.

It is my belief that many miles of line can be abandoned. Under unification, necessary conditions to the abandonment of any lines would include a decision to that effect by the management of the unified system- not by the executive of the Canadian Pacific; and with the consent of the Board of Railway Commissioners. It has already been suggested, by our Chairman and President, that the powers of that body, to protect the public interest, should be strengthened.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119857

Our Chairman and President will deal with more general questions and particularly with certain recommendations of officers of the Canadian National Railways for the application of coercion to obtain greater savings than have yet been found possible under co-operation. I believe that you have been fully informed as to the history of co-operation, and have been shown that its ineffectiveness was due to the very nature of the plan.

However, lest there should be any remaining impression that the Canadian Pacific is to blame for the failure of co-operation, I venture to quote the Hon. C. P. Fullerton. In his evidence before the Select Standing Committee of the House of Commons on Railways and Shipping, owned, operated and controlled by the Government, on ~~May 26th~~ JUNE 2ND, 1936, Mr. Fullerton, then Chairman of the Board of Trustees of the Canadian National Railways, placed the blame for lack of progress impartially on the officers of both railways. He particularly pointed out the possibility of fear of reduction of employment as a limiting factor. He repeated his opinion before the Standing Committee on Railways, Telegraphs and Harbours of your House on June 12th, 1936. Mr. Fullerton made no suggestion that the officers of the Canadian Pacific were the more to blame and, since the reason which he felt he detected - the possibility of reducing employment - is a favoured argument of the officers of the Canadian National, I may leave it to

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119858

your decision whether his evidence justifies the charge that the Canadian Pacific is to be held responsible for lack of progress. On this point I feel that I can speak with some certainty since I was present before the Committee of your House when Mr. Fullerton made his statement. At that time, I told the Committee that, in my opinion, no blame attached to the officers of either Company.

In conclusion, I trust that I have made it clear that there is no necessity for public excitement over the alleged consequences of unification. Erroneous ideas have been circulated that unification means committing the country to the power of a heartless monopoly; the throwing out of work of thousands of men; the drastic curtailment of necessary transportation services; the risk of adding to the Government's obligations on railway account - any of which would be a real objection to unification. I can assure you that none of them can result from any plan of unification to which the Canadian Pacific would be a consenting party, and that the suggestion of our Chairman and President for consideration of this subject is very far from being a recommendation that the country should accept unification and its consequences as they have been described to you by those who are hostile to rationalization of our transportation machinery, or who have misunderstood the purport of his recommendations.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

# PUBLIC ARCHIVES
# ARCHIVES PUBLIQUES
## CANADA

MEMORANDUM, DATED 16th NOVEMBER, 1931, SUPPLEMENTARY TO "A SOLUTION OF THE CANADIAN RAILWAY PROBLEM" AS SUGGESTED BY SIR THOMAS TAIT IN MAY 1921.

Undoubtedly appreciable savings in working expenses can be effected by close co-operation and co-ordination between the Canadian National and Canadian Pacific Companies, but it is confidently submitted that the savings which can thus be made will be but a very small part of those which could be brought about by consolidation of the two systems with one financial identity and administration.

So long as the Canadian National and Canadian Pacific are separate financial identities, the management of each must, and will, strive to secure its share of the traffic.

As passenger fares, freight rates and other charges are the same on both systems, the competition for traffic and other business is entirely in service. There is probably no competition so wasteful as that between railways. This is particularly true where the competing railways are, to such a great extent, parallel to each other as is the case with the Canadian National and Canadian Pacific, and where they both serve nearly every important place in the country.

If the two systems are consolidated and there is only one financial identity, it would be immaterial over which line traffic was carried, or by which of the existing systems service was rendered, and the revenue therefrom earned. Provided, therefore, that there be no serious disadvantage to the public, working expenses can be reduced to the extent to which they are incurred to provide unnecessary service for competitive purposes.

To illustrate this a few examples are here given:

Each Company now runs a very fast passenger train each way daily, in the afternoon, between Montreal and Toronto, mainly for business between these two cities. If the two systems were consolidated and it did not matter on which line the revenue from these trains was earned, the expense, with practically no disadvantage to the public, could be reduced fifty percent by giving this fast service over only one line; probably in this case the Canadian National line as it is shorter and serves more important places en route and it has a double track all the way between Montreal and Toronto. If the financial identity of both Companies be maintained, neither will be willing to discontinue this fast service, with the resulting loss of revenue and prestige. Savings in working expenses, with practically

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

no loss of revenue or disadvantage to the public, can undoubtedly be effected in a great many other cases where there are now competitive train services.

In Montreal the Canadian Pacific Ticket Office on St. Catherine Street West could be closed up. It is not far anyway from the Windsor Street Station of that Company, nor from the present station of the Canadian National Company, and will almost adjoin the proposed new station of that Company. The ticket office of The Canadian National on St. James Street could be closed and the business done at both it and the ticket office of The Canadian Pacific, nearby on the same street, be conducted in the latter.

In New York each Company now occupies very expensive ticket offices. The business could be handled in one office, and the expense be reduced nearly fifty percent, without any disadvantage to the public. In this same way the expense of outside ticket offices elsewhere could be reduced, probably more than one half, for in some places, if the two systems were consolidated, no outside ticket offices whatsoever would be needed. Duplicate representation in London and in Great Britain and in Europe could be done away with.

Travelling and soliciting passenger and freight agents could be very largely dispensed with, for it would be immaterial over which line traffic was carried.

Large savings could be effected in the same way in the outside telegraph and express offices, and staff and existing telegraph lines could be used jointly, thus obviating expenditure for years for additional lines and their maintenance.

A very large saving could be effected in car haulage if the cars of both Companies were equally available for distribution and use on the consolidated system. For instance, at places or in territory at which there is track connection, under existing conditions if there be a surplus of, say, box cars for one system and a shortage for the other, the former probably hauls its surplus cars away and the latter hauls them in. With the two systems consolidated this expense would be avoided.

It is submitted that with the consolidation of the two systems, so much better and efficient use could be made of locomotives and cars, especially freight cars, that the present stock would be sufficient for a much larger traffic, thus obviating the cost of building or buying more locomotives and cars, and of their upkeep for probably many years.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119861



The expense of switching would be considerably reduced in many ways. For instance, a carload of freight to be placed on a private siding, could be forwarded by the line on which the siding was located instead of, as frequently is the case now, by the other line, thus entailing extra switching at the terminal from that line to the other line. The return of the cars of one Company to the other would be unnecessary, thus also reducing switching expense.

The present terminal facilities of both Companies would, in most places, be ample for many years without incurring expenditure for their enlargement and maintenance.

Money could be saved by:

Amalgamating store houses and stocks of stores.

Concentration of purchasing, etc.

Joint stations, shops, engine houses, etc., might be arranged for, in cases where the expenditure involved is not too great.

Using the shorter or easier lines, and therefore the cheaper routes for traffic.

Where existing lines now closely parallel each other, one of them might be taken up, or anyway they might be used as double tracks, with, in either case, a possible saving in the expense of stations, etc.

Overhead expenses could be reduced, as, for instance, in the cost of management, superintendents, supervision, inspection, etc.

The competition in constructing hotels and in radio broadcasting would be done away with, and some of the expense now attendant on the operation and upkeep of hotels might be saved.

The steamships of both Companies could be utilized to better advantage in the interest of the consolidated system and competitive steamship service be discontinued.

The ways in which, and the instances where, expenses could be reduced and capital expenditures obviated, without appreciable

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

disadvantage to the public, or loss of revenue, by the consolidation of the two systems, are so numerous and varied that it is impractical to detail them in this brief memorandum.

It may be confidently anticipated these savings in the aggregate would be so large that in a comparatively short time, not only would there be no deficits on our Canadian Railways in earning their fixed charges, including the dividend guaranteed on the stock of the Canadian Pacific, but that there would be some return on the money which can be fairly said to be invested in them.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0.119883

9A

# A SOLUTION
OF THE
# CANADIAN RAILWAY
# PROBLEM

SUGGESTED BY
**SIR THOMAS TAIT**
IN APRIL 1917

REVISED IN
MAY 1921 AND AGAIN IN
JANUARY 1932

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119864

# A SOLUTION OF THE CANADIAN RAILWAY PROBLEM

**Suggested by Sir Thomas Tait in April 1917 and revised in May 1921 and again in January 1932.**

In April, 1917, I ventured to suggest a solution of the Canadian Railway Problem and I published a revision of this in May 1921. There have since been many important changes in the Canadian Railway situation, but as these do not appreciably affect the fundamental principles of the scheme then outlined, I again venture to suggest that solution with some modifications which in the light of altered conditions and further consideration appear to be necessary or advisable.

The Dominion of Canada, through The Canadian National Railways, owns or controls over 22,000 miles of railway in Canada and about 1,500 miles in the United States. The Canadian Pacific Railway Company owns or controls about 17,300 miles in Canada and over 5,000 miles in the United States. A large proportion of the mileage of The Canadian National and Canadian Pacific systems is competitive and in many instances serves the same places and territory—indeed some of their lines are closely parallel.

There was a deficit on The Canadian National Railway System in the year 1930 of $35,585,894 in meeting the interest charges, before interest on Dominion Government advances, or, including the latter a deficit of $68,279,769. A considerable part of these advances, however, does not represent assets, but is made up of deficits in past years in operating expenses and in interest charges. The Canadian National Railways are debited with $100,000,000 for the Capital Stock of The Canadian Northern Railway Company, although it was acquired by The Dominion for only $10,000,000. The figures for the year 1931 are not yet available, but the deficit in that year will be much larger than in 1930.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119865

One of the most important problems therefore which Canada and its citizens have to deal with at the present time is to eliminate as soon as possible the deficit resulting from the operation of its National Railways.

It is confidently submitted and will, I think, be generally admitted by practical railway officers that, if The Canadian National and The Canadian Pacific Railway Systems are combined and worked as one system, very large savings indeed in Operating Expenses can be effected, as for instance by:—

The utilization of the shorter or easier, and therefore cheaper, routes for traffic.

The taking up or temporary abandonment of duplicate lines or lines of little value where the public would not be appreciably affected.

The ability to use all motive power and rolling stock freely on any part of the whole system, thus saving much unnecessary movement, especially of freight cars, and obtaining greater service out of such equipment.

Reduction in train service without appreciable disadvantage to the public, thus avoiding present duplicate services.

Joint switching.

Joint instead of separate stations, terminals, offices, etc., with a consequent reduction in staff, etc.

Joint instead of separate outside ticket, telegraph and express offices and reduction in soliciting passenger and freight agents.

Concentration of work in shops, locomotive and car sheds and elsewhere, and of stocks of materials and supplies.

Larger and concentrated purchases and therefore lower prices of materials and supplies.

Undoubtedly appreciable savings in working expenses can be effected by close co-operation and co-ordination between the Canadian National and Canadian Pacific Companies, but it is confidently submitted that the savings



119866

which can thus be made will be but a very small part of those which could be brought about by consolidation of the two systems with one financial identity and administration.

So long as The Canadian National and Canadian Pacific are separate financial identities, the management of each must and will strive to secure its share of the traffic.

As passenger fares, freight rates and other charges are the same on both systems, the competition for traffic and other business is entirely in service. There is probably no competition so wasteful as that between railways. This is particularly true where the competing railways are, to such a great extent, parallel to each other as is the case with The Canadian National and Canadian Pacific, and where they both serve nearly every important place in the country.

If the two systems are consolidated and there is only one financial identity, it would be immaterial over which line traffic was carried, or by which of the existing systems service was rendered, and the revenue therefrom earned. Provided, therefore, that there be no serious disadvantage to the public, working expenses can be reduced to the extent to which they are incurred to provide unnecessary service for competitive purposes.

Another advantage in combining all the important railways of Canada in one system to be worked for the good of all is that the construction of competing lines would be prevented and that new lines would be so located that the least possible mileage would serve the greatest possible area or population.

The savings, not only on The Canadian National, but on The Canadian Pacific system which could be effected in these and other directions are so many and so considerable and in the aggregate would represent such a large amount, that they can be confidently relied upon to immediately commence to appreciably reduce the deficit on The Canadian National Railways and within a comparatively short time to eliminate any deficit.

The combination of The Canadian National and The Canadian Pacific Systems to be worked as one system for



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119867

the good of all, is, in my opinion, the quickest and best method of substantially improving the financial results of The Canadian National Railways.

Some dangers, however, arise in connection with the combination in one great system of practically all of the railways of the country and these must be guarded against.

The administration may become too powerful a factor in the affairs of The Dominion.

There is the absence of competition and of incentive for efficient management.

There is the much-talked-of danger, in case this great system is managed by a Board or Commission appointed by the Government of the day under legislation which can later on be amended or abrogated by those in power at the time, that the administration will in the course of time be hampered or interfered with and that there will be difficulty in the way of a continuity of policy.

The following is an outline of a scheme which it is submitted will guard against these dangers and soon reduce and before long eliminate the present enormous loss resulting from the operation of Canada's railways.

## OUTLINE OF SCHEME

A. A Railway Company, to be known as, say, "The Canadian Railways Company," hereinafter called "The Company," to be incorporated with a Capital Stock of, say, $500,000,000 in shares of ten dollars par value.

1. The Company to lease The Canadian Pacific Railway System in perpetuity for a rental equivalent to an agreed annual return on its common stock and to guarantee the payment of all dividends or interest on all the securities of that system which are senior to its common stock, and to assume all the liabilities of that Company, including all its guarantees on the securities of other railway companies, and the payment of all rentals for which The Canadian Pacific is responsible. The Company to take over all the assets of The Canadian Pacific, except those which are not closely connected with the



119868

operation of its railways and connections, such as its lands and interests in mines (except coal mines) and in The Consolidated Mining and Smelting Company, which would be transferred to a separate Company for the benefit of The Canadian Pacific Shareholders. The exclusion of these assets would reduce the rate of dividend to be guaranteed on the common stock of The Canadian Pacific. The Company should take over The Canadian Pacific Company's Ocean and Coastal Steamships and its Hotel and Commercial Telegraph and News Departments and its interest in The Dominion or other Express Companies operating on its lines.

2. The Company to lease The Canadian National Railway System in perpetuity for a rental equivalent to the interest charges on its Funded Debt and on such advances from The Dominion as represent assets—these advances not to include deficits in operating expenses, or in meeting interest charges in past years, or more than the actual cost to The Dominion of The Canadian Northern Capital Stock. The Company to take over all the assets of The Canadian National Railways and to be responsible for all its obligations.

3. The Company, through its Board of Directors and Executive Officers, to administer the affairs of the two Railway Systems so taken over and to operate and maintain the two Systems as one System.

4. The Capital Stock of The Company to be sold to and held by Canadian citizens or institutions only, of which no one shall hold or own directly or indirectly more than shares.

5. The Board of The Company, hereinafter called "The Board" to consist of eleven members. Three of these Directors to be appointed in the first instance by The Governor-General-in-Council, to hold office for three years. Two of them to be appointed by The Board of Directors of The Canadian Pacific Railway Company, to hold office from year to year. Four of them to be appointed by The Dominion Board of Railway Com-



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119869

5. The Board of The Company, hereinafter called "The Board" to consist of eleven members. Three of these Directors to be appointed in the first instance by The Governor-General-in-Council, to hold office for three years. Two of them to be appointed by The Board of Directors of The Canadian Pacific Railway Company, to hold office from year to year. Two of them to be appointed by The Dominion Board of Railway Commissioners, to hold office for one year, when their places are to be filled by two Directors elected by the Shareholders of the Company's stock, hereinafter called "Citizen Shareholders", to hold office for two years. One Director to be elected by the officers and employees of The Company, who have been in the service at least five years - to hold office for two years, and one Director to be appointed by the combined Canadian Chamber of Commerce and Canadian Manufacturers' Association - to hold office for two years. Two Directors to be appointed by The Governor-General-in-Council, to hold office from year to year. All Directors to be eligible for re-election or re-appointment. The three Directors appointed by The Governor-General-in-Council for three years should be three of the ablest railway officers obtainable, one of them to be The President of the Company and the other two to be Vice-Presidents. These three Directors to receive good salaries, commensurate with their respective duties and responsibilities. They should be subject to dismissal for misconduct or incapacity with right of appeal to The Supreme Court of Canada. Their successors to be appointed by The Board of Directors of The Company.
The Board of Directors to direct the policy of The Company and to have complete control of the administration of The Company's affairs and operations, and of the appointment, remuneration and work of The Company's officers and employees.

rentals, guarantees and other obligations payable by it,



shall be set aside in a Reserve Fund (the maximum amount of this Fund to be determined) to provide for a possible deficit in meeting such obligations in a year or years, when, for instance, there is a poor grain crop. Any withdrawals from this Fund for such purpose to be

2. Any such excess net earnings, after providing said Reserve Fund and maintaining it, to be set aside in a Fund to be designated, say, as "Dividend Increase Fund". When there is sufficient money in this Dividend Increase Fund to do so, an increase in the guaranteed dividend on the Citizen Shareholders' Stock, to be paid, of not less nor more than one half of one percent per annum, and this increase in such dividend to be cumulative - that is, if not paid in any year, it is to be paid in subsequent years, if earned. In the event of the accumulated net earnings in the Dividend Increase Fund being more than sufficient for the payment of the cumulative increase in the dividend on the Citizen Shareholders' stock, at the rate of one half of one percent per annum, with an ample excess (to be determined) then the balance at the credit of such fund to be paid in such proportions as may be agreed to The Canadian Pacific and The Dominion of Canada.

The prospect of an increase in its dividend should incline The Canadian Pacific to accept a somewhat lower guaranteed dividend.

tures on Capital Account and to be entitled to be paid interest thereon at the same rate as the dividend guaranteed on the Citizen Shareholders' stock, The Company, however, from time to time to issue and sell additional stock to Citizen Shareholders to such extent as may be required to recoup The Dominion for such advances.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

missioners, to hold office for one year, when their places are to be filled by four Directors elected by the Shareholders of the Company's stock, hereinafter called "Citizen Shareholders," to hold office from year to year. One Director to be elected by the officers and employees of The Company, who have been in the service at least five years—to hold office for two years, and one Director to be appointed by the combined Canadian Chamber of Commerce and Canadian Manufacturers' Association—to hold office for two years. All Directors to be eligible for re-election or re-appointment.

The three Directors appointed by The Governor-General-in-Council should be three of the ablest railway officers obtainable, one of them to be The President of The Company and the other two to be Vice-Presidents. These three Directors to receive good salaries, commensurate with their respective duties and responsibilities. They should be subject to dismissal for misconduct or incapacity, with right of appeal to The Supreme Court of Canada. Their successors to be appointed by The Board of Directors of The Company.

The Board of Directors to direct the policy of The Company and to have complete control of the administration of The Company's affairs and operations, and of the appointment, remuneration and work of The Company's officers and employees.

B. The Dominion of Canada to guarantee to The Company in perpetuity, the payment of the rentals which The Company guarantees to pay for the leases of The Canadian Pacific System and of The Canadian National System, and in addition to guarantee the payment of a dividend, at a rate to be determined, on so much of the Capital Stock of The Company as may from time to time be outstanding. The rental to be paid to The Canadian Pacific by The Company to be also guaranteed direct by The Dominion of Canada to The Canadian Pacific Railway Company.

C 1. The net earnings of The Company in excess of all rentals, guarantees and other obligations payable by it,



shall be set aside in a Reserve Fund (the maximum amount of this Fund to be determined) to provide for a possible deficit in meeting such obligations in a year or years, when, for instance, there is a poor grain crop. Any withdrawals from this Fund for such purpose to be replaced from such subsequent excess net earnings and to be a first charge against such excess net earnings.

2. Any such excess net earnings, after providing said Reserve Fund and maintaining it, to be set aside in a Fund to be designated, say, as "Dividend Increase Fund." When there is sufficient money in this Dividend Increase Fund to do so, an increase in the guaranteed dividend on The Canadian Pacific Common Stock and on the Citizen Shareholders' Stock, to be paid, of not less nor more than one half of one percent per annum, and this increase in such dividend to be cumulative—that is, if not paid in any year, it is to be paid in subsequent years, if earned. In the event of the accumulated net earnings in the Dividend Increase Fund being more than sufficient for the payment of the cumulative increase in dividends, at the rate of one half of one percent per annum, with an ample excess (to be determined) then the balance at the credit of such fund to be paid to The Dominion of Canada, towards re-imbursement of the money paid in past years by the Dominion for deficits in operating expenses and in meeting interest charges on the Canadian National Railways and for subsidies in aid of the construction of railway lines in Canada.

The prospect of an increase of one half of one percent in its dividend should incline The Canadian Pacific to accept a somewhat lower guaranteed dividend.

D 1. The Dominion of Canada in the first instance to provide the funds required by The Company for expenditures on Capital Account and to be entitled to be paid interest thereon at the same rate as the dividend guaranteed on the Citizen Shareholders' stock, The Company, however, from time to time to issue and sell additional stock to Citizen Shareholders to such extent as may be required to recoup The Dominion for such advances.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119869

5. The Board of The Company, hereinafter called "The Board" to consist of eleven members. Three of these Directors to be appointed in the first instance by The Governor-General-in-Council, to hold office for three years. Two of them to be appointed by The Board of Directors of The Canadian Pacific Railway Company, to hold office from year to year. Two of them to be appointed by The Dominion Board of Railway Commissioners, to hold office for one year, when their places are to be filled by two Directors elected by the Shareholders of the Company's stock, hereinafter called "Citizen Shareholders", to hold office for two years. One Director to be elected by the officers and employees of The Company, who have been in the service at least five years - to hold office for two years, and one Director to be appointed by the combined Canadian Chamber of Commerce and Canadian Manufacturers' Association - to hold office for two years. Two Directors to be appointed by The Governor-General-in-Council, to hold office from year to year. All Directors to be eligible for re-election or re-appointment.
The three Directors appointed by The Governor-General-in-Council for three years should be three of the ablest railway officers obtainable, one of them to be The President of the Company and the other two to be Vice-Presidents. These three Directors to receive good salaries, commensurate with their respective duties and responsibilities. They should be subject to dismissal for misconduct or incapacity with right of appeal to The Supreme Court of Canada. Their successors to be appointed by The Board of Directors of The Company.
The Board of Directors to direct the policy of The Company and to have complete control of the administration of The Company's affairs and operations, and of the appointment, remuneration and work of The Company's officers and employees.

rentals, guarantees and other obligations payable by it,



shall be set aside in a Reserve Fund (the maximum amount of this Fund to be determined) to provide for a possible deficit in meeting such obligations in a year or years, when, for instance, there is a poor grain crop. Any withdrawals from this Fund for such purpose to be replaced from

to be a first

2. Any such excess net earnings, after providing said Reserve Fund and maintaining it, to be set aside in a Fund to be designated, say, as "Dividend Increase Fund". When there is sufficient money in this Dividend Increase Fund to do so, an increase in the guaranteed dividend on the Citizen Shareholders' Stock, to be paid, of not less nor more than one half of one percent per annum, and this increase in such dividend to be cumulative - that is, if not paid in any year, it is to be paid in subsequent years, if earned. In the event of the accumulated net earnings in the Dividend Increase Fund being more than sufficient for the payment of the cumulative increase in the dividend on the Citizen Shareholders' stock, at the rate of one half of one percent per annum, with an ample excess (to be determined) then the balance at the credit of such fund to be paid in such proportions as may be agreed to The Canadian Pacific and The Dominion of Canada.

The prospect of an increase in its dividend should incline The Canadian Pacific to accept a somewhat lower guaranteed dividend.

1. The Dom

provide the funds

tures on Capital Account and to be entitled to be paid interest thereon at the same rate as the dividend guaranteed on the Citizen Shareholders' stock, The Company, however, from time to time to issue and sell additional stock to Citizen Shareholders to such extent as may be required to recoup The Dominion for such advances.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

2. All proposals for expenditures on Capital Account to be submitted to a competent authority, say, a Board of three Members, thoroughly well qualified for the purpose, appointed by the Governor-General-in-Council, at good salaries, on the same conditions as regards tenure of office as in the case of Judges of the Supreme Court of Canada. Such proposals to be reported on by this authority before they are submitted to The Minister of Railways. All such reports of said authority to be laid before The House of Commons and The Senate.

(It might be interjected here that a similar procedure might well be followed in all cases involving large expenditures of public money on or in connection with works, such as canals, docks and harbours, dredging, important buildings, etc., and the authority above mentioned might also be utilized to investigate and report in regard to such projects. Every Member of Parliament would thus have knowledge based on independent and competent authority as to what he was voting for.)

E. Rates and fares and other charges for transportation and other services not to be increased without the approval of The Dominion Board of Railway Commissioners, and not to be reduced without the consent of the Board of Directors of The Company until the Reserve Fund referred to in Section "C 1" has been provided and maintained and the increases in cumulative dividends have been paid and the margin in the Dividend Increase Fund, referred to in Section "C 2" has been established and maintained, and then only to the extent which the net earnings of The Company in the preceding three years are in excess of all the obligations of the Company, including its payments into the Reserve Fund and the increase in dividends, but this condition is not obligatory—only restrictive.

F. The Government may, by Order-in-Council, declare a matter to be one of general policy and request The Board to submit a report, giving its views as to carrying out such policy. The Government may, on receipt and consideration of such report, direct The Board to give





effect to such policy in whole or in part, but in the event of the Board not concurring in such direction, the Dominion to reimburse annually to The Company the yearly increase in expenditure or decrease in revenue of The Company, occasioned by the carrying out of such direction in excess of such increase or decrease as would have been occasioned by the carrying out of such direction to the extent only to which The Board concurred in it.

The Report of The Board and all papers relating to any such direction to be laid before The House of Commons and The Senate.

Inasmuch as the Dominion, either directly or indirectly, is so largely interested in the net earnings of the Company, such re-imbursements to the Company would to a great extent mean "out of one pocket into the other," but the net earnings of the Company would not be adversely affected.

G. The accounts and books of The Company to be continuously audited by an auditor to be appointed by The Governor-General-in-Council, who shall certify to the balance sheet, profit and loss account, and other annual statements of The Company.

H. Legislation to be enacted providing for the settlement of disputes between The Company and its employees without resort to strikes or lock-outs. Pensions to be provided for the officers and employees of The Company.

## NOTES

Under this scheme no difficulty should arise in working any of the lines in the United States, for they would be operated by an incorporated Company, all the stock of which would be owned by private shareholders.

The idea which I have in mind in providing for increased dividends to the Canadian Pacific and Citizen Shareholders, in the event of certain favourable financial results, is to enlist their interest and support in the efficient administration of The Company.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

It would be highly desirable to have a large number of representative institutions and citizens of The Dominion directly interested financially in the administration of the Railways of The Dominion and, through the appointment by them of four out of eleven Directors of The Company, to have a voice in such administration. A scheme can easily be devised by which the stock in The Company will be equitably distributed and held by all classes of the community throughout all the Provinces of The Dominion. The larger number of shareholders, the better, for it will mean the greater the interest in the efficient administration of The Company among the citizens of Canada.

The proceeds from the sale of stock by The Company to Citizen Shareholders could, if not required by The Company, be used by The Dominion for the redemption of Bonds or other purposes, subject, of course, to repayment when required for the purposes of The Company. These proceeds would thus not remain idle pending the need of them by The Company.

What is in mind in Section "F" is to prevent a deadlock between the Government of the day and The Board in the event of the Government considering it desirable in the interest of the public and the country to have effect given to some matter of general policy, which policy in whole or in part is not concurred in by The Board, from a railway point of view. Under this provision, the loss in revenue or the increase in the expenses of The Company, representing the money difference between the opinions of the Government and The Board, would not adversely affect the net profits of The Company, as it would be paid to The Company out of the general revenue of The Dominion.

The interests of the public can be safeguarded by preserving The Dominion Board of Railway Commissioners, in whose jurisdiction and authority, however, consequential restrictions and modifications would be necessary if effect were given to this scheme, as, for instance, in the matter of reducing rates and fares. The Board of Railway Commissioners should also be charged with the duty of seeing that the lines, equipment, etc., are maintained in a safe and efficient





condition, and that the train and other services are such as the business justified.

It may be urged as an objection to the foregoing scheme that there would be an absence of competition, but competition between railways as it has existed has been wasteful and far from efficient in the true sense of that word. My experience on State Railways in Australia was that every patron was a critic not only as a patron but because as a taxpayer he considered himself interested financially in the efficient management of the State's Railways, and that this made it unnecessary to have competing railways to keep the administration up to the mark. Moreover, we have in Canada The Dominion Board of Railway Commissioners to safeguard the interests of the public, prevent unfair discrimination, etc.

No matter how independent a Board or Commission for the administration of State Railways may be made by the legislation under which such a body is originally constituted and appointed, the time will surely come, and at no distant day, when it will become unpopular and create antagonism (for instance, by rightly declining to accede to the demands from some part of the country, some particular industry or some class of the community) and when this occurs its independence of outside control or interference is apt to be taken away or modified by amending legislation. In such a scheme as is here suggested, however, there would be a contract between The Canadian Railways Company, representing tens of thousands of citizen shareholders and The Dominion which could not be amended or abrogated, even if the administration of The Company might become temporarily unpopular. This is an important feature of this scheme.

In this connection attention is directed to the following extract from the minority report of the late Mr. A. H. Smith, a member of The Drayton-Acworth-Smith Commission, and then President of The New York Central Railroad Company:—

"I am unable to join my colleagues in their recommendations. They propose that practically all of the railways



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119875

in Canada, except The Canadian Pacific and the American lines shall be turned over to a corporation to be managed by a board of trustees appointed by Government. They insist that this Board is to be permanent and self-perpetuating. I do not know by what means one Parliament can bind its successors to a given policy, especially in so simple a matter as changing the organization of a government board. My friends seek to avoid government ownership and operation, in fact condemn it as inadvisable, but propose a plan which contains so many elements of danger in the direction which is sought to be avoided, that I am unable to join them."

A scheme can, it is believed, be worked out on some such lines as the foregoing under which all the important railways of Canada can be combined and worked as one great system with enormous savings in working expenses and in other directions and with other beneficial results, and under which there would be the advantage of such efficient and prudent administration of our National Railways as that of a well managed and independent company, and this with the interests of the public adequately safe-guarded.

There are some novel features in this scheme, and it may be considered that The Dominion should not irrevocably commit itself to it. I think myself this would be wise, as in any case experience may show that the scheme can with advantage be altered in detail. I therefore suggest that it would be well to reserve the right to The Dominion to terminate the contract with The Company at the end of each, say, ten year period, on two years' notice, and on taking over from the Citizen Shareholders their stock in The Company at a premium of, say, ten percent.



119876

Statement shewing the financial results of a 10 and a 15 per cent saving respectively on the average Working Expense for the years 1929 and 1930 of the combined Canadian National and Canadian Pacific Systems. The year 1929 was a good year while the year 1930 was a poor year. The average Working Expenses and Net Financial Results of these two years are taken as representing a normal year for the combined Systems.

| | Year 1929 | Year 1930 | Average for Years 1929 and 1930 |
|---|---|---|---|
| **Total Working Expenses** of both Canadian Pacific Railway Company and of Canadian National Railways including Eastern Lines | $421,577,264 | $370,940,167 | $396,258,716 |
| 15% Saving on above Working Expenses | 63,236,589 | 55,641,025 | 59,438,807 |
| 10% " " " | 42,157,726 | 37,094,016 | 39,625,871 |
| **Net Financial Results** after payment of all charges and full dividends in the case of the Canadian Pacific and after payment of all interest charges including interest on Dominion Government advances in the case of the Canadian National Railways | Deficit 38,763,051 | Deficit 68,146,584 | Deficit 53,454,817 |
| Financial Result of 15% Saving in Working Expenses | Surplus 24,473,538 | Deficit 12,505,559 | Surplus 5,893,990 |
| Financial Result of 10% Saving in Working Expenses | Surplus 3,394,675 | Deficit 31,052,568 | Deficit 13,828,946 |

NOTE—If the advances by the Dominion to the Canadian National Railways be reduced, as they should be, so that they will represent Assets only, that is, that they will not include deficits in operating expenses or in meeting interest charges in past years, and the debit against those Railways of $100,000,000 for the stock of the Canadian Northern Railway Company be reduced to what that stock cost the Dominion—viz $10,000,000—then there would be such a reduction in the interest charges that there would be a substantial surplus from the consolidated Railway System based on the average of the two years, 1929 and 1930, even with only a ten per cent saving in the working expenses.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

# PUBLIC ARCHIVES
# ARCHIVES PUBLIQUES
## CANADA

Draft of Writers Complaints

119877

# THE CANADIAN RAILWAY PROBLEM

BY

JOHN L. McDOUGALL

---

*Reprinted from the University of Toronto Quarterly*
*Vol. IV, No. 2, January, 1935*

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

With the Writer's Compliments

119877

# THE CANADIAN RAILWAY PROBLEM

BY

JOHN L. McDOUGALL

---

*Reprinted from the University of Toronto Quarterly*
*Vol. IV, No. 2, January, 1935*

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119878

# THE CANADIAN RAILWAY PROBLEM

JOHN L. McDOUGALL

## I.

THIS article will attempt to show what the railway problem of the country now is and to indicate some of the more important things that may be done about it. It will argue that the extreme seriousness of the financial situation is not in its essence a railway problem at all: it is merely another index of the gravity of the current depression and can be reduced to manageable proportions only by a restoration of traffic and revenues. The problem is a financial problem, not a problem of practical operation. It is certainly bad enough as it is; but if the railways were unable to move readily the traffic offered them, then the money losses to, and the partial disorganization of, the commercial community would make our present difficulties look very puny indeed.

The experience of this country is not unique. It is of the nature of railway operations, wherever carried on, that expenses cannot be reduced as rapidly as revenues fall. Conversely, a very large part of any increase in revenues can be converted into net profit. Part of the costs are constant and therefore appear as increasing unit costs in declining traffic and as decreasing unit costs when traffic increases. The point can, perhaps, be brought home most clearly by the following simple comparative table showing in condensed form the earnings of all railways in Canada in 1928 and 1933:



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119879



TABLE I.—Income Account—Steam Railways of Canada.[1]

| | 1928 $ (000 omitted) | 1933 $ (000 omitted) |
|---|---|---|
| Gross earnings, including outside operating revenues | 582,363 | 281,075 |
| Railway operating expenses, including outside operating expenses | 457,654 | 242,520 |
| | 124,709 | 38,555 |
| Other deductions, net | 2,946 | 18,205 |
| Balance available for the payment of interest and dividends, and for reserves | 121,763 | 20,350 |

In other words, while gross earnings fell by some 52 per cent., the balance available for security holders almost vanished even though the most drastic economies were made.[2]

Table I raises two questions: What was the experience in past depressions? By how much did revenues fall in such periods? A partial answer is given by table II.

TABLE II.—Cyclical Decline and Recovery in Canadian Railway Gross Earnings.[3]

| High year to date | Subsequent low | Percentage decline in gross earnings | Year in which previous peak is exceeded | Percentage excess over that previous peak |
|---|---|---|---|---|
| 1875 | 1877 | 3.3 | 1878 | 5.4 |
| 1878 | 1879 | 2.9 | 1880 | 14.8 |
| 1884 | 1885 | 3.6 | 1887 | 16.2 |
| 1893 | 1895 | 10.1 | 1898 | 14.1 |
| 1908 | 1909 | 1.3 | 1910 | 18.4 |
| 1913 | 1915 | 22.1 | 1916 | 2.0 |
| 1920 | 1922 | 10.4 | 1926 | 0.3 |
| 1923 | 1924 | 6.8 | 1926 | 3.2 |
| 1928 | 1933 | 52.1 | .... | .... |

[1] *Statistics of Steam Railways of Canada, 1933*, Ottawa, Dominion Bureau of Statistics, 1934, pp. 14-5.

[2] Those economies included reductions in maintenance expenditures to levels which are, in all probability, not permanently tenable. See a comparison of certain maintenance expenditures in "The Report of the Duff Commission" to appear shortly in the *Canadian Journal of Economics and Political Science*, vol. I, no. 1.



119880



A measurement of this kind is not exact, but it gives some indication of the impact of past depressions on the railway structure, and supports certain broad generalizations. The first is that past business depressions have been relatively short. In every case cited, with two exceptions, bottom has been reached in the first or second year, and the previous peak exceeded in the third. The exceptions are the very deep depression of the 1890's, which reached bottom in 1895 but halted on the recovery in 1896 and 1897, making its decisive upward move in 1898; and the indicated six years, 1920-26, before the previous high was surpassed. This latter is an apparent rather than a real exception. In the readjustments after the 1919-20 boom, both railway rates and wages were cut sharply. Ton mileage, which is the best single indication of physical work done, touched its low in 1921 and was 6.8 per cent. higher in 1923 than in 1920. With three years as the duration of the "normal" depression and five years as the outside figure, what shall be said of the present depression in which it took five years to reach bottom? The year 1934 is, of course, an improvement over 1933, but the most hopeful readings of the results for the first nine months would indicate earnings for the full year 46 per cent. below the 1928 level.

The second generalization is that the "normal" depression was not a deep one. The periods 1913-15 and 1920-22 can hardly come within that category. The one was the joint product of the ending of one of the greatest investment booms the world has ever known and of the onset of the Great War; the other was part of the disorganization caused by the War. But if these two are excluded, then the greatest remaining decline in railway

[3] *Canada Year Book*, 1916-17, p. 434; *ibid.*, 1933, p. 655; *Statistics of Steam Railways of Canada, 1933*, pp. 16-7. The years are to June 30, 1875-1919, and calendar years 1919 to date.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119881



revenues was that of 10.1 per cent. between 1893 and 1895. If that is to be accepted as the most severe "normal" depression, what is to be said of the 1928-33 drop of 52 per cent.? In other words, on both counts of intensity and duration, the present business cycle far outruns anything the railways have previously had to face. It can be said with complete confidence that, even if they had been paragons of conservatism in every department of finance and operation, they would still have been rocked to their foundations by such an extraordinary change in their fortunes as came between 1928 and 1933.

It may be worth while to pursue this point a little further. There seem to be some people who still think that the failure to cover interest charges is due to excessive competition or to a defect in the courage of railway executives; that out of current gross revenues a resolute executive corps ought to be able to meet all costs. Table III is devised for their information.

It may be remarked that in 1898 and 1899 when railways were able to save a larger proportion of their gross earnings than at other time before or since, their operating ratios (the ratio of operating expenses to revenues and therefore an easily computed index of profitability) went down to 65.5 per cent. The less hopeful of the two assumptions made in the above table presupposes for its fulfilment an operating ratio of 50 per cent.; the more hopeful one, an operating ratio of 37.4 per cent.

Even if it were possible to reduce the unit costs of materials used by the railways *pari passu* with reductions in hourly wage-rates (which, as will be shown below, is at least open to doubt), it would require the cutting of money wages to 49.5 per cent. of the 1929 levels[4] in order to meet that operating ratio of 50 per cent., and to 31.8 per cent.

[4]Hourly wage-rates in 1933 were about 15 per cent. below 1929 levels.



119882



to meet the operating ratio of 37.4 per cent. Reductions in that order are possible only if there is a general and severe deflation. It is quite impossible to single out railway workers as a class and force them to accept cuts far deeper than are made into the incomes of other classes of the community. Men may be brought to accept a cut in their money wages after the necessity for a general reduction has been explained to them, but it is a wildly foolish dream to expect them to accept cuts far beyond those yet taken by other recipients of labour income, and particularly when some fixed-income receivers, notably

TABLE III.—Income Account, 1933, Steam Railways of Canada.[5] Showing the actual figures and the reductions in operating expenses which would be necessary in order to earn (*a*) the interest charges of 1933 and (*b*) the dividends of 1930.

| | I<br>Actual data for 1933 | II<br>Excluding interest due the Dom. Govt. by the C.N.R. | III<br>Including interest due the Dom. Govt. by the C.N.R. |
|---|---|---|---|
| | $<br>(000 omitted) | $<br>(000 omitted) | $<br>(000 omitted) |
| Gross earnings, including outside operating revenues | 281,075 | 281,075 | 281,075 |
| Operating expenses, including outside operating expenses | 242,520 | 141,168 | 105,134 |
| Other deductions, net | 18,205 | 18,205 | 18,205 |
| Balance available for the payment of interest and dividends, and for reserves | 20,350 | 121,702 | 157,736 |
| Interest due to individuals | 82,811 | 82,811 | 82,811 |
| Balance | (*d*)62,461 | 38,891 | 74,925 |
| Interest due Dom. Govt. by C.N.R. | 36,034 | | 36,034 |
| | (*d*)98,495 | | 38,891 |
| Total dividends paid in 1930 | | 38,891 | 38,891 |

[5]*Statistics of Steam Railways of Canada*, 1933, table 8, pp. 106-17.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L | 9883



bondholders, have suffered no reduction whatever. Both of these assumptions are pure pipe-dreams, unworthy of serious consideration. They have been brought up here only because certain newspapers which ought to be better informed are writing as if they represented real possibilities. Nothing could be farther from the truth. Without an increase in gross revenues the most strenuous action by the executives of the railways can do very little indeed. They may very slightly improve a bad situation if they act wisely (they might make it even worse than it now is if they were to arouse too many antagonisms); but cure it they cannot. A complete remedy depends on business revival and expanding traffic and revenues.

If revival in traffic is the only way in which we can make any real impression on the present problem, how is it to be brought about? The answer to that question lies with the industries producing raw materials for export. They are the backbone of the whole Canadian economy. They are the industries which are able to meet international competition. The whole existence of the industries which live behind the tariff is predicated upon the continued strength and growth of these export trades. In the case of the railways, over 70 per cent. of all their traffic is made up of the basic raw products of the field, the fisheries, the forest, and the mines. In the most recent arrangement of Canada's exports in descending order of value, the first eight were raw products whose value was 60.7 per cent. of that of all domestic exports; twenty-one out of the first twenty-five were raw products to a corresponding ratio to the value of all domestic exports of 74.7 per cent. The other four were manufactures, namely, whiskey, automobiles, machinery, and photographic film, to an aggregate value of 4.9 per cent. of all domestic exports. Of all males gainfully employed



L | 9884



at the date of the 1931 census, 39.1 per cent. were directly employed in these extractive industries. The greater part of all the railway mileage of this country was built in order to further the growth of these industries, and much of it would be permanently valueless without their traffic. On a large proportion of such traffic the ton-mile rates are low. That is, however, offset in part by two considerations: first, these goods move long distances in full carload lots, and second, when the industries producing them are prosperous there is a heavy backward movement of finished manufactures which pay high rates. The correlation in the past between the prosperity of the export trades and that of the railways and of the country as a whole is too close to be without causal significance.

It is well known that these trades are now extremely distressed. Their selling prices fell suddenly and drastically after 1929; their costs for materials and labour lagged far behind. What is their position, now in the sixth year of the depression? It is not possible to give one answer to such a broad question about industries with divergent problems, but the behaviour of the wholesale-price indexes is the best single indication of the extent to which the structure of prices has been normalized. Table IV compares the prices of 1929 with those of October, 1934.

It will be observed that the international goods have fallen in price in this period about 3.8 times as far as have the domestic goods. That means that the capacity of their producers to command such domestic goods in exchange is proportionately lessened. It is difficult to perceive how they can afford to purchase larger quantities of such goods unless the spread between the prices at which they sell and the prices at which they buy is very greatly narrowed. Until that happens their capa-



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119885



city to demand consumers' goods is rigidly restricted and there is neither financial capacity nor profit-incentive to invest new capital in such industries.

TABLE IV.—Canadian Wholesale-price Indexes.[6]
(1926=100)

| | Yearly average | October 1934 | Per cent. decline |
|---|---|---|---|
| General Wholesale-price Index | 95.6 | 71.4 | 25.3 |
| *Group A—International Trade Goods* | | | |
| Vegetable products | 91.6 | 66.5 | 27.4 |
| Animal products | 109.0 | 67.5 | 38.1 |
| Wood, wood products and paper | 93.9 | 65.2 | 30.6 |
| Non-ferrous metals and their products | 99.2 | 62.2 | 37.3 |
| Weighted average | 97.0 | 66.1 | 31.6 |
| *Group B—Products fabricated for the domestic market from raw products* | | | |
| Fibres, textiles, and textile products | 91.3 | 72.5 | 20.6 |
| *Group C—Domestic goods* | | | |
| Iron and its products | 93.7 | 86.7 | 7.5 |
| Non-metallic minerals and their products | 92.9 | 86.2 | 7.2 |
| Chemicals and allied products | 95.4 | 80.7 | 15.4 |
| Weighted average | 93.6 | 85.8 | 8.3 |

In the field of immediate and practical policy this country is faced with two alternatives. The first is to wait in hope that some of the inflation dynamite which has been scattered around in the United States (and Great Britain) in the past two years will finally go off. If it does, there might be an upward movement in the prices of export goods which would in a short time wipe out most of the disparities noted above in table IV. During the waiting period before that happens (if ever), railway losses would continue, the amount of unemployment

[6] *Prices and Price Indexes*, 1913-32, and supplement for October, 1934, Ottawa, Dominion Bureau of Statistics. The weights used are those officially used in the preparation of the general index.



119886



would be little changed, relief costs would be high; but all of those would be, in the eyes of many, risks worth running if deflation could be staved off. But if such an inflation does not come, then deflation of domestic prices is inevitable. By one means or the other the two sections of the price-level must be brought into such a relationship with one another that a free exchange of consumable goods may again take place and that there may again be reason for the investment of savings in capital goods for productive purposes. To go on, as at present, putting all our savings into government securities which are issued to finance current deficits is stupid and may ultimately be disastrous.

Over the longer period, a reconsideration of tariff policy is long overdue. Some of the very low railway rates on export products, notably the Crow's Nest rates on grain,[7] are admittedly offsets to the burden of the tariff on the areas producing raw products. Since 1930 loans have been made to the provinces which have had the same effect. The time is quite rapidly approaching (if it has not already been reached) when these offsets will equal the benefits to the protected area. When that occurs the whole structure of high tariffs on the one hand and compensating subsidies on the other will be a piece of highly intricate, unstable, dangerous, and utterly meaningless machinery. It will add to the overhead costs of business in this country, distort the structure of production, reduce the productivity of labour and the real income of the community, and will not carry any net benefit whatever to those classes and areas which it was, at first, designed to help. It is one of the hopeful signs of the times that the business interests most intimately connected with the

[7] The Maritime Freight Rates Act, 1927, was passed for the same purpose.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119887



extractive industries, *e.g.*, the railways,[8] the Winnipeg Grain Exchange, and the elevator companies are at last realizing that they cannot hold themselves aloof from this problem. It is at last possible to entertain some hope of an eventual return to sanity.

## II

It is all very well to say that the problem is a problem of the depression; but the genius of the capitalistic system has been that the pressure of losses has forced the executives of each firm affected to make the necessary readjustments in its costs. When enough of them have done so (and the others have failed) prosperity returns as a natural consequence. Why should that normal course not be followed now? What adjustments are possible? What savings do they promise without waiting for a return of general prosperity? How can they be put into effect?

At the present time the policies which are under discussion are complete amalgamation of the Canadian National and Canadian Pacific Railways, or, alternatively, the maintenance of their separate identities with the enforcement of a close co-operation between them. Of the two, amalgamation has been held out as promising the greater saving in money and will be discussed first. The estimates of possible savings by amalgamation ranged between $50,340,000 and $75,000,000[1] based on the gross earnings of 1931 and of 1930 respectively. Those sums amount to 14.1 per cent. and 16.5 per cent. of total

[8]See, for example, the speech of Mr. D. C. Coleman, vice-president of the Canadian Pacific Railway, to the Toronto Railway Club on December 8, 1934 (Toronto *Daily Star*, December 10, 1934, p. 3, col. 1).

[1]Mr. S. W. Fairweather, director of the Bureau of Economics of the Canadian National Railways, using 1931 gross earnings as his base, estimated total possible economies of $50,340,000; this might be increased to $56,440,000 with a 30 per cent. increase in gross (*Proceedings of the Royal Commission on Railways and*



119888



railway earnings of their respective years. They are, therefore, important amounts both absolutely and relatively.[2] Totals of that kind, however, are no better than the items which go into them and the assumptions on which they are based. How carefully were these estimates made, and what do they assume?

Unfortunately, the discussion of the detailed estimates is a technical matter which would require an inordinate amount of space. It is given as a considered judgment that even the most resolute executives, working under the most favourable external conditions, could not realize ultimately more than $40,000,000 on the traffic of a normal year. The postulates on which these estimates are based are of manageable form and can be discussed. Both estimates assumed that it would require five years to work out such a programme, getting increasing benefits in each of the transitional years. So many lines would be abolished, so many terminals re-arranged, that it would be impossible ever again to have two separate systems without prohibitive cost. If an attempt were made to retain the physical properties necessary to two systems, the larger part of the possible economies would automatically evaporate. Amalgamation might or might not prove to be a solution of the problem; but it would have to be made permanent before it could produce anything of value. Mr. Fairweather's primary postulate was that

*Transportation in Canada*, 1931-2, V, pp. 18-32, December 16, 1931). Mr. E. W. Beatty presented an estimate prepared by a committee of officers of the Canadian Pacific of total savings in railway operating expenses of $64,268,000 and a total net gain of $75,000,000 (*ibid.*, IV, pp. 2401-76, February 19, 1932; see also an earlier submission on the same topic, *ibid.*, II, pp. 902-63, January 5, 1934). This latter estimate was part of a proposal for action and in Mr. Beatty's opinion was fully realizable, possible economies to which a money value had not been given being as great as, or greater than, any doubtful items in the estimate.

[2]But it should be noted that Mr. Fairweather's estimated saving of $50,340,000 amounted to only 3 per cent. of his estimate of the total cost of transport in Canada, by road, rail, and water.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119889



"this programme was predicated upon a docile or practically helpless public and on an equally docile or helpless staff of employees."[3] Mr. Beatty made assumptions which were even more sweeping. He thought that managing the enlarged organization presented no problem.[4] So little did that question worry him that in the detailed estimates of savings there was allowance made for a reduction in the unit costs of superintendence. Further, "an allowance has been made for the benefit to be derived from . . . the purchase of coal in larger quantities from the most favourable sources."[5] He did not think that the management would be less responsive to the needs of the

[3] *Proceedings, op. cit.*, V, p. 31. Unfortunately, some of the economies making up this total seemed to assume the same helplessness on the part of connecting American carriers. That, as was pointed out by Mr. George H. Parker, transportation analyst to the Commission, was an unjustified assumption. (See his covering letter on his first report to the Commission, dated March 30, 1932.)

[4] *Proceedings, op. cit.*, II, pp. 957-8.

[5] *Ibid.*, IV, p. 2419. In 1931, the Canadian National purchased 3,935,000 tons, the Canadian Pacific 2,998,000 tons of coal (George H. Parker, *Report for the Royal Commission on Railways and Transportation on the Transportation Situation in the Dominion of Canada*, June 10, 1932, I, pp. 131-8). It is something more than optimistic to expect reduced unit costs per ton because of consolidating such purchases; and if what is in mind is reduced use of Canadian coal in areas where American coal is definitely cheaper, the whole question of subsidies to the less favoured areas is raised. It was estimated by the Department of Railways and Canals that the Canadian National was put to an additional expense of $1,120,247 by such purchases in Nova Scotia, Alberta, and British Columbia. The following statement by the premier of Nova Scotia, in private session with the Duff Commission, in answer to the question whether the people of Nova Scotia had any definite preference for private or public ownership, is of interest for its possible bearing on this subject: "I don't think there is any fear of monopoly. We have the Board of Railway Commissioners to whom we can always appeal, and we feel that is a very satisfactory thing. Moreover we can always appeal in the final analysis to public opinion. I do not think we have very much fear of monopoly" (*Proceedings, op. cit.*, II, pp. 1060-1, January 11, 1932). The attempt by a railway monopoly, whether public or private, to interfere in a delicate matter of sectional balances in the name of economy and without being able to offer offsets to what is taken away, might have most uncomfortable and unlooked-for results; while the attempt to find offsets would involve it in essentially political negotiations.



119890



community even though it possessed a monopoly.[6] Although 5,000 miles of line were to be abandoned, there was no provision for any compensation to the populations affected, and it was assumed that there would be no need to offer compensation to any of the displaced employees because the normal turnover of labour would reduce staffs at least as rapidly as the economies went into effect.[7] Formally, he seemed to think that there would be much less danger of political pressure upon a railway monopoly if it was in private hands than was now exerted, though there are certain indications that a wise monopoly knew when not to ask too much.[8]

Enough has been said to show the highly doubtful nature of these assumptions. Why, then, did Mr. Beatty press so hard for amalgamation? Why does he still use the estimate of $75,000,000 of possible savings,[9] which was originally made on the basis of 1930 gross earnings, despite

[6] *Ibid.*, II, pp. 941-3.

[7] *Ibid.*, IV, pp. 2422-3.

[8] That amalgamation would not remove the possibility of political pressure is shown by the following extract (*ibid.*, IV, p. 2462; and see also p. 2475 for further evidence of accommodation to such pressures): In the examination of February 19, 1932, Mr. Loree asked why, with 16,000 miles of line with traffic density less than 250,000 ton-miles per mile of line per annum (the estimated minimum paying quantity), it was proposed to abandon only 5,000 miles? Mr. Beatty replied that they studied the situation to see where they could withdraw without harm; their estimate being, in any case, a minimum and not a maximum one. Commissioner Loree: "That indicates that you propose to abandon the line to Prince Rupert?" Mr. Beatty: "No, sir." Commissioner Loree: "Is there any reason why that should be maintained?" Mr. Beatty: "None except political reasons."

[9] "I believe that I am safe in saying that we waste from fifty to seventy-five million dollars a year in the operation of unnecessary railway facilities in this country . . ." (*The Logical View of the Railway Situation*, address before the Board of Trade and service clubs of Vancouver, September 4, 1934, privately printed, p. 7). As is pointed out above, such an estimate postulates a complete freedom from political pressure and from resistance from the organized railway trades. It is also based on gross earnings of 1930. Neither of the first two is a workable assumption. Gross earnings from railway operation were $454,232,000 in 1930; $270,278,000 in 1933; and may slightly exceed $300,000,000 in 1934.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119891



the enormous reductions in expenditure since that date? The answer appears in his cross-examination by the Commission on February 19, 1932. What follows is pieced together from that source.[10]

During the War the government had taken over the lines now forming the Canadian National Railways because it thought such a course necessary in order to preserve the credit of the Dominion. It had proceeded to put them in proper operating condition, to which no great objection could be taken. That process was completed by 1923 and was followed by a programme of unlimited expansion.[11] That expansion had been most detrimental to the Canadian Pacific, which had been forced into competitive capital expenditures in order to maintain its position. The existing depression had put a stop to such expenditures for the time being only. So long as the government remained a shareholder in the Canadian National, so long was the Canadian Pacific exposed to a revival at any time of a ruinous level of capital expenditures by the National system.[12] With that danger continuously hanging over it, the company's interest lay quite as much in getting the government out of the railway business as in making any immediate adjustment which would temporarily ease the financial strain.[13] The Canadian public had never considered the question fully. Questions of national policy had always arisen to obscure the issue; but now the time had come. If only the Commission would "paint the picture accurately even if it be in somewhat sombre colours,"[14] then it was proper to look for such a

[10] *Proceedings, op. cit.*, IV, pp. 2401-76, and particularly pp. 2447*ff*.
[11] *Ibid.*, IV, pp. 2458-9.
[12] *Ibid.*, IV, pp. 2465-6; see also pp. 2447-8.
[13] *Ibid.*, IV, pp. 2463-4.
[14] *Ibid.*, IV, p. 2469.



119892



reaction here as took place in Great Britain when the May Committee's exposure of the budget deficit was followed by the threat to the gold standard.[15] In short, Mr. Beatty's main effort before the Commission was devoted to getting the government out of the railway business, not to the development of plans for economy in current operation. To say this is not to impute blame. That was the logical and necessary position which would have been taken by any head of the Canadian Pacific if he felt there was a chance of getting a permanent and favourable solution.

This also goes a long way toward explaining the radical difference between the opinions of the Canadian National and of the Canadian Pacific executives on the relative merits of co-operation. It was the repeatedly expressed opinion of Mr. Hungerford[16] that just as much could be accomplished by co-operation as would ever be possible by amalgamation. The essence of railway operation was that it was carried on beyond the direct control of the executive officers who had to rely on the loyalty and enthusiasm and honesty of the men themselves. Under amalgamation that quality of enthusiasm would evaporate, and its loss would counterbalance most of the gains made in other directions. Lines could be abandoned by agreement just as well as under a monopoly. Agreement could be reached on the joint use of certain facilities. It

[15] It will, however, be remembered that almost as soon as a national government was formed in Great Britain to protect the gold standard it was forced to abandon it by a combination of international pressure and the impossibility of cutting money costs of production at home as fast as international prices were falling. It may equally be doubted on the basis of table III, above, whether even a national government and a railway monopoly could together have safeguarded all railway-security holders against the sweep of the depression in the past five years.

[16] *Proceedings, op. cit.*, II, pp. 774-901, January 5-6, 1932, especially p. 893; and IV, pp. 2501-43, February 20, 1932, especially pp. 2536-7.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119893



was a problem of will, not of fact. Furthermore, this solution left a flexibility which its alternative, amalgamation, did not. For Mr. Beatty that was not so. The gains from co-operation were of necessity small. The most that his committee of officers could find was $6,348,000 per annum:

> . . . Conflict of interest and of governing policy is bound to exercise a restraining influence. Prestige and goodwill are of the utmost value in the railway business and withdrawal from certain areas by companies professing to give national service might endanger both and do damage to the morale of the whole organization. The operation of a transcontinental system cannot be localized . . . . In short, competition and co-operation are in practice irreconcilable.[17]

The net effect of these conflicting views is a dangerous stalemate. Co-operation has, for reasons not yet fully disclosed, failed to produce more than a small fraction of Mr. Beatty's estimated saving, which, in the light of the preceding paragraph, was probably highly conservative. There is little or no hope of getting amalgamation. The Commission appointed to study the matter turned that solution down flat.[18] Even if the Commission had made such a recommendation, it is doubtful whether it could have been carried in the country at large. The people of the Prairie Provinces have altogether too clear a picture in their minds of what would be the result of confiding their essential interests to one railway system. Their feeling is only partially submerged: it has not been permanently lessened; it is a form of economic claustrophobia and would break out again in some violent form if a monopoly of any kind were established.

[17] *Ibid.*, IV, pp. 2407-8. Mr. Beatty is repeating in substance what he had to say at an earlier hearing (II, pp. 902-4, January 5, 1932).

[18] *Report of the Royal Commission to Inquire into Railways and Transportation in Canada*, Ottawa, King's Printer, 1932, chap. v.





How can this deadlock be resolved? As things now are, it never can. So long as the Canadian National has even a potential call on government funds to finance capital expenditures and unnecessary operating deficits, so long will the Canadian Pacific not dare to enter fully into plans for co-operation with it. The answer lies in two related actions. First, the Canadian National must have its debt-charge written down to a level which it can properly be expected to bear. Present obligations in excess of that level would be frankly and finally transferred to the Dominion Government, where they now rest in any case. The Canadian National management would be required to finance thereafter on its own responsibility and without guarantee. As a means of easing the strain in the weaning period, they might be given, say, $25,000,000 of government guaranteed bonds for use in emergencies, which they could use at their discretion, but with full knowledge that, once used, they would receive no further aid. That is offered as the nearest substitute now possible for the return of the Canadian National to private ownership under acceptable conditions. Its faults are patent, but it at least has the merit of attempting to end the present division of responsibility between the government of the day and the railway officers. The responsibility would be concentrated on the latter and enforced against them. Once that was done, one might properly expect a greater readiness on the part of the Canadian Pacific to enter into a programme of co-operation. This is not offered as a solution of the railway problem. But it is as near an approach as can be made to that solution by changes inside the railway structure. The major problem is to get an enlarged volume of traffic to provide revenues. Even these proposed changes must wait upon that if they are to be implemented.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119895



## III

The immediate problem before this country is the normalization of its price structure and the restoration of activity. Until that occurs it must continue to stagger through a morass of unemployment, government deficit, railway losses, and the like. From that cloud of testimony which darkens counsel—complaints of relief costs, of the rising costs to the Ontario Hydro of power contracted for but now unused, the pitiful bleatings of bank presidents on the mounting deficits on railway and other accounts—there rises one meaning only: they all complain of the disparities created when the sheltered sections of the community resist a drop in the rate of their remuneration in keeping with the drop in prices at which the basic products are sold abroad. It might be possible to stabilize either prices or production; but the only possible result of the attempt to fix certain prices while others move is to cause inordinate movements in the volume of production.

The pressing railway problem is a function of the depression, and will, in large measure, be automatically solved as the depression lifts. Amalgamation is not a solution: it is a final act of despair. Even to Mr. Beatty it is not the ideal solution: "... I have always hoped that some day we would have two private systems in reasonable competition with each other."[1] If it were to be adopted, the railway security holders (including the government as owner of the Canadian National) could not hope to save the full economies for themselves. The new organization would have to bear the full brunt of political and sectional pressures for lower rates, which can now be diffused between the two railways. Railway

[1] *Proceedings, op. cit.*, IV, p. 2470. It will be noted that this statement appears toward the end of his examination.



119896



employees now are among the highest-paid groups of workers in the country. If they were brought into closer unity by a common employment they might well become one of the most powerful political forces in the country. Even if both these considerations be set aside as negligible, there still remain certain very weighty questions. Could the executive officers retain that close and intimate control of the property if it was expanded to 37,000 miles of line? Would they remain as sensitive to the needs of the community as they now are under competition? It is not a question of regulation by a Board of Railway Commissioners with enlarged powers. What is called for is initiative; and that is not provided by regulation. It is a fact of no mean importance that within two or three years after a monopoly was formed there would be no measuring stick by which to judge of its operating efficiency. What would happen to the *esprit de corps* which now animates the employees of both lines? Could it be kept at the same high level under monopoly? The loss of it might mean a very serious increase in costs. The whole question was most carefully canvassed by the Duff Commission. Their time and attention went to it almost to the exclusion of other considerations. They came to the conclusion that it was not a desirable thing because of the problem of management and of "a natural and justifiable hesitation to commit finally future generations, and even the present one, to a policy adopted under the stress of difficult circumstances which may not be best adapted to a new set of conditions difficult to forecast."[2]

The past seventeen years have demonstrated that the Canadian National can be built up to any desired point of size, efficiency, or competitive strength, regardless of

[2] *Report of the Royal Commission on Railways and Transportation in Canada*, 1931-32, para. 199.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119697



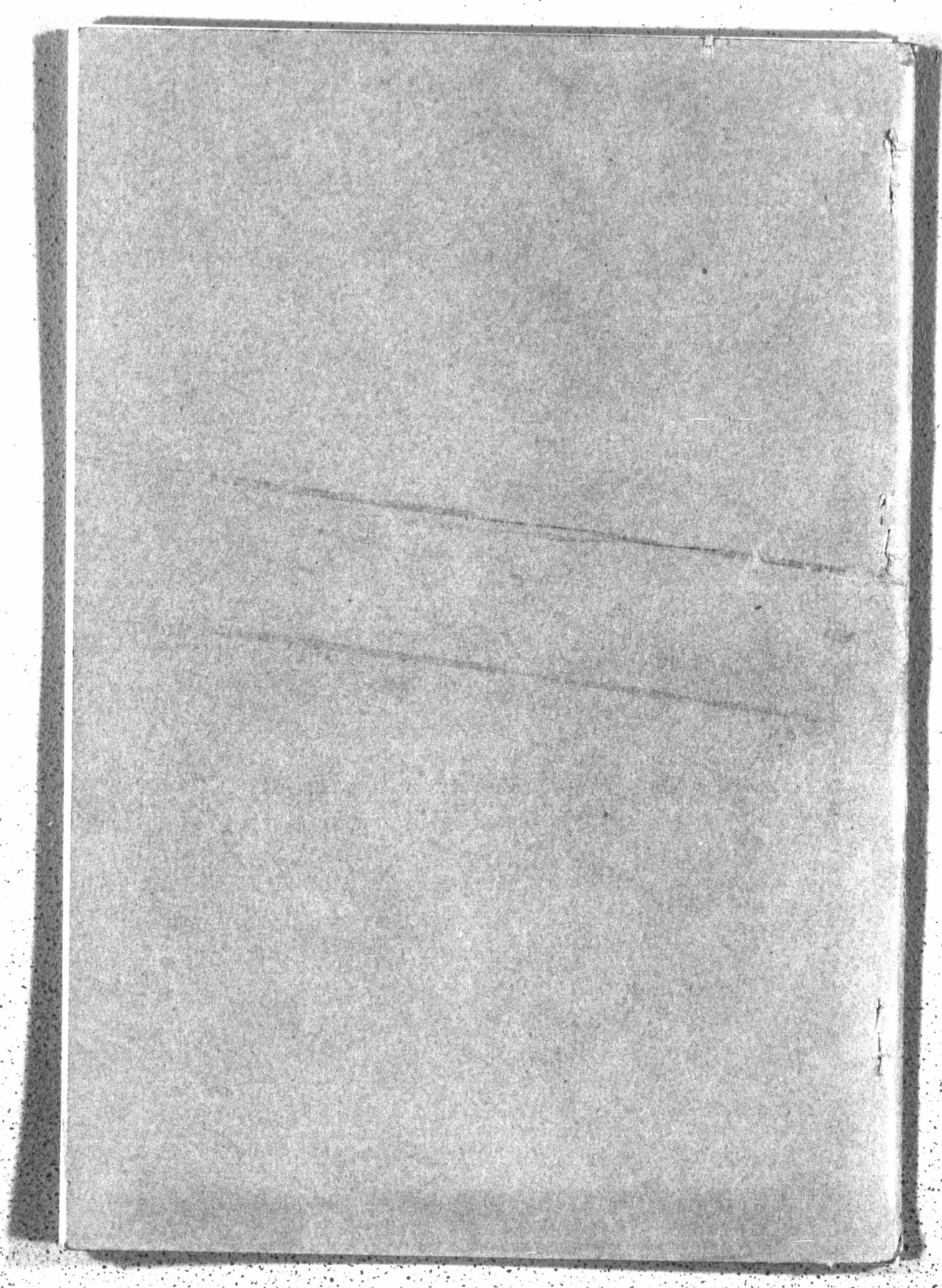
the rate-level. The results tend to show up in an accumulating funded debt and in a continuous and an increasing pressure on the Canadian Pacific Railway. They indicate that, if the process is continued long enough, the latter will ultimately prove unequal to the strain. To continue in our present course would be gravely unjust to those who have invested in it; it would also be a piece of criminal folly even from the most narrowly opportunist point of view. This country must remain flexible in its economic organization; it must be a region of low transportation costs. Those are basic pre-requisites to its prosperity. The inevitable end to our present course is a government monopoly. Should the management of such a monopoly run to seed, what would be the effect on the economic organization of the country?

The people of the Prairie Provinces have inherited an antagonism to the Canadian Pacific from the time when they were wholly dependent upon it. Through the 1920's they were ready to encourage any level of capital expenditure by the Canadian National without regard to the effect of such expenditures on the Canadian Pacific. If they are now to show themselves as much interested in their future prosperity and in their freedom from dependence on one railway system as they have been in riding an ancient grudge, they will stand solidly behind the Canadian Pacific and see to it that it is given conditions in which it can maintain its full competitive efficiency.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CANADIAN JOURNAL OF ECONOMICS AND POLITICAL SCIENCE

Vol. 1, No. 2, May 1935

T 19898

## Professor McDougall on Railways: A Reply

This is a reply by Professor W. T. Jackman to an article by Professor John L. McDougall, of Queen's University, which appeared in the January, 1935, number of the University of Toronto Quarterly.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

At the beginning of his article in the *Quarterly* Mr. McDougall says: "This article will attempt to show what the railway problem of the country now is and to indicate some of the more important things that may be done about it. It will argue that the extreme seriousness of the financial situation is not in its essence a railway problem at all . . . . The problem is a financial problem, not a problem of practical operation" (p. 219). But a financial problem is very definitely a problem of practical operation, for railway operation is carried on with the object of securing the necessary finances in order to be solvent. Finances do not drop down from the skies; there is no other source whence they arise except from operation. A railway company cannot meet its financial problem unless its operating results are favourable. Moreover, Mr. McDougall's statement, that "the extreme seriousness of the financial situation is not in its essence a railway problem at all . . .", runs directly counter to the statement of Premier Bennett before the Toronto Board of Trade, on January 28, 1935, when he said: "Unless a solution to the present increasing railway deficit is found, Canada cannot maintain the fabric of her credit." These are the words of the government leader, who meets the railway problem at every turn.

Mr. McDougall says that his article is going to show what may be done about the railway problem; but, instead of showing some of these "more important things" that may be done for the improvement of the situation, his final solution seems to be to allow things to go on till the return of better times; for he says: "If revival in traffic is the only way in which we can make any real impression on the present problem, how is it to be brought about?" (p. 224). After this statement, he enters



68-1-98

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119900



upon the "reconsideration of tariff policy" as highly desirable. This, however, is not our immediate concern here.

A large part of the later section of his article is devoted to a criticism of the plan suggested by the president of the Canadian Pacific Railway, to the Royal Commission, for dealing with the railway problem, namely, the unification of the Canadian National and the Canadian Pacific for operating purposes. The purpose of this plan was to eliminate the disastrous wastes of competition and to divide the savings thus effected between the two companies. Mr. McDougall says that under this plan "so many lines would be abolished, so many terminals rearranged, that it would be impossible ever again to have two separate systems without prohibitive cost" (p. 229). There is every reason why, in the interest of saving, the useless lines and the unnecessary terminals should be scrapped. Some of these expensive terminals, such as the Montreal Terminal project, should never have been undertaken. As to the abandonment of lines, are we going to continue operating many unprofitable and useless lines (and terminals) simply because they have been constructed, often for political purposes, and have been in partial or intermittent use? Both railway companies urged abandonment of a substantial mileage and it would only remain to determine what lines could be taken up with the least disadvantage. Many of these sections of country are served by highway transport and others are near existing lines of railway (*e.g.*, the line from Glen Tay to Whitby, that from Woodstock to Windsor, *etc.*). It must be remembered that not all lines taken up would be those of the Canadian National Railways. In any decisions of this kind, the Board of Railway Commissioners is the final authority.

Mr. McDougall, in criticizing Mr. E. W. Beatty's statements as to the benefits of unification of management, makes some wholly unjustified assumptions (pp. 230-1), which he makes no attempt to prove, and then says: "Enough has been said to show the highly doubtful nature" of the benefits of unification as stated by Mr. Beatty. Let us note some of these:

(1) "He [President Beatty] did not think that the management would be less responsive to the needs of the community even though it possessed a monopoly." In reality, the railway would be required to meet the competition of the motor vehicles, which are operating everywhere; and to meet the competition of these and other agencies it would be necessary for the railway to give the fullest service and the greatest advantages to the communities served.

(2) "Although 5,000 miles of line were to be abandoned, there was no provision for any compensation to the populations affected, and it

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1 1901



was assumed that there would be no need to offer compensation to any of the displaced employees because the normal turnover of labour would reduce staffs at least as rapidly as the economies went into effect." This inference is not justified by President Beatty's statement to the Commission. In regard to possible compensation for line abandonment, no general statements can be made, because the conditions vary so widely in different cases. Concerning the assumption—which is nothing more substantial than an assumption—as to compensation to displaced employees, he was outlining the basic principles, not giving the details, of his solution. Moreover, in frequent addresses he has referred to the necessity of caring for labour. For example, before the Regina Board of Trade, February 5, 1935, his words were: "I repeat what I have already said, that protection for labour is a necessary part of my plan, and that savings in that regard should be made gradually, wisely and considerately, and without hardship to those now dependent on railway employment."

(3) "Formally, he [President Beatty] seemed to think that there would be much less danger of political pressure upon a railway monopoly if it was in private hands than was now exerted, though there are certain indications that a wise monopoly knew when not to ask too much." Neither in the Drayton-Acworth report of 1917 nor in the report of the Royal Commission of 1931-32 was there the least suggestion that political influence had been attempted toward or by the Canadian Pacific. But this was far from being true of the Canadian National, and the president of that company made a very definite statement to the Duff Commission that a government-owned enterprise could not get rid of political interference.[1]

Mr. McDougall seems to think that there would be a railway monopoly if the two roads were being operated together by a private company. But the minister of railways and canals has recently stated upon two occasions that the monopoly would not be economic but of a political nature.

Following such representations as the above Mr. McDougall says: "Enough has been said to show the highly doubtful nature of these assumptions" (p. 231). He would need to present some *facts*, rather than mere suggestions, if he would obtain the approval of the thoughtful reader for such a statement. But many of his other statements are equally incapable of substantiation. For example, we noted above the words in his first paragraph that the railway problem "is a financial problem, not a problem of practical operation", and we have shown the

[1] *Report of the Royal Commission to Inquire into Railways and Transportation in Canada, 1931-2* (Ottawa, 1932), p. 51.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119902 [illegible]



fallacy of this. Its chimerical nature may be enforced by the recent report of the federal co-ordinator of railroads in the United States, who says it is a question of operation and obtaining economy of operation by co-ordination of railroads and other facilities.

Again, Mr. McDougall says that President Beatty, in his evidence before the Royal Commission, showed that the Canadian Pacific was exposed to the renewal at any time of the extravagant scale of capital expenditures by its competitor. "With that danger continuously hanging over it, the company's interest lay quite as much in getting the government out of the railway business as in making any immediate adjustment which would temporarily ease the financial strain. . . . In short, Mr. Beatty's main effort before the Commission was devoted to getting the government out of the railway business, not to the development of plans for economy in current operation . . . . That was the logical and necessary position which would have been taken by any head of the Canadian Pacific if he felt there was a chance of getting a permanent and favourable solution "(pp. 232-3).

This certainly does not give a statement of fact. When one examines President Beatty's evidence before the Commission there is no indication of any such view. He knew that so long as the government owns the Canadian National, and could not dispose of it if it wished, there is no chance of "getting the government out of the railway business". His evidence before the Commission, and any public statements made dealing with this matter, show that his solution was to effect economies by unified operation and to divide the amount saved between the two companies on an equitable basis.

It was the seriousness of the general situation which induced him to make such a proposal. The increase of this railway's debt from the time the government acquired the lines to the end of 1934 brought the net debt at the latter time up to $2,764,964,294,[2] which is more than double what it was when the roads were taken over. In the face of this situation it is no wonder that the Royal Commission persistently emphasized the serious situation, stating that "drastic measures of economy are imperative" and striking "a serious note of warning to the people of Canada". It was the endeavour to outline proposals for meeting this problem that brought forth President Beatty's statements in his evidence, not the motive which Mr. McDougall attributes to him.

Still more recently some of our public men entrusted with the administration of our banks—those institutions which are so intimately

[2] *Debates of the House of Commons of the Dominion of Canada*, Feb., 13, 1935, p. 841.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1 9903



connected with the business and social welfare of the country—have again reminded the country of its serious situation. At the last annual meeting of the Bank of Nova Scotia, the president was very urgent in showing the danger of the country's financial debt burden. Likewise, the president of the Dominion Bank, at its recent annual meeting, deplored the continuance of a "dual transportation system" with the yearly accumulations of the Canadian National Railway debt, and urged that this situation demands instant solution. When these and other men who are entrusted with the people's savings give such insistent warnings, it is a complete perversion for Mr. McDougall to say that a revival of traffic is the only way in which we can make any impression on the present problem (pp. 224, 235), and his reference to "pitiful bleatings", of bank presidents regarding the mounting railway deficits is a gratuitous insult.

It is evident that the seriousness of our railway problem is bound up intimately with the problem of government ownership; and the prime minister of the Dominion in his address before the meeting of the Toronto Board of Trade, January 28 last, was very explicit in this matter: "So long as there are men thinking only in terms of party politics there can never be a solution of the railway problem in Canada . . . . Unless a solution to the present increasing railway deficit is found, Canada cannot maintain the fabric of her credit." But Mr. McDougall dismisses all such statements with a wave of the hand and says: "The pressing railway problem is a function of the depression, and will, in large measure, be automatically solved as the depression lifts" (p. 236). It was a problem of this magnitude, which became critical before the depression, that President Beatty was discussing before the Royal Commission, with the purpose of presenting a means of gradual amelioration of our railway conditions, and not the problem of putting an end to government ownership, as Mr. McDougall would want us to believe.

"Lines could be abandoned by agreement just as well as under a monopoly. Agreement could be reached on the joint use of certain facilities "(p. 233). Such a statement shows that its writer knows very little about the practical problems in connection with business and government; for in the case of two lines, one of which is privately owned and uninfluenced by political pressure, and the other government owned and continuously subject to political and community pressure, anything like agreement as to the abandonment of lines is attained with great difficulty. As was stated by Mr. R. B. Hanson (now minister of trade and commerce) before the Select Standing Committee of the House of Commons on Railways and Shipping in 1934, if a member of Parliament cannot hold a particular line in his constituency from being abandoned,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19904



he is very likely to go down to defeat; and when he was chided about bringing politics into this matter he said: "That is all right. You can never get it out of politics." He emphasized this still further by saying: "You can't get it out. Public opinion in your communities won't let you."[3] This is confirmed by the minister of railways at the same sitting of this Committee, when he said: "If you spread out the list of the lines that might be abandoned, which are only being considered, the concern by any section of the country that is affected, the uneasiness and discontent, would, I am afraid, cause not only the government but the railway management and members [of Parliament] to be inundated with complaints." So long as votes are forthcoming for the government party from the district in which the abandonment of a section of the government-owned line is being contemplated, there is little likelihood of its being abandoned.

"Co-operation has, for reasons not yet fully disclosed, failed to produce more than a small fraction of Mr. Beatty's estimated saving . . ." (p. 234). To those who are familiar with the specific problems which have to be solved, it is not surprising that progress with co-operative measures is slow. One of these difficulties arises from the perplexity of making agreements when the fundamental force behind the government-owned line is entirely different from that of the privately-owned line. We have already exemplified this and need not pursue it further. But upon the purely economic basis the complication in connection with agreement of these two companies makes this issue one the importance of which is realized by but few.

For example, suppose the two companies were considering the abandonment of the Canadian National line from Parry Sound to near Sudbury. There is little local traffic over this line. Under what remuneration would the Canadian Pacific allow the Canadian National to operate over the Canadian Pacific tracks? The natural answer would be that the Canadian National should pay the same proportion of the Canadian Pacific maintenance costs, *etc.*, as the gross earnings on the Canadian National tracks to be abandoned bear to the gross earnings of the Canadian Pacific on its line. Let us assume, for the sake of argument, that the Canadian National earns $200,000 and the Canadian Pacific $800,000. The Canadian National, therefore, when its line was abandoned would pay one-fifth of the cost of operating the Canadian Pacific line. But immediately another aspect comes into view. An industrial company has a plant located on this part of the Canadian Pacific line. With the Canadian National reaching this plant now, which they would under the dual operation on this line, the industrial

[3] *Proceedings* of the Committee, June 6, 1934, p. 25.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

11905



company might feasibly divide its paying traffic between the two railways. The Canadian National, therefore, would receive, say $250,000 of earnings not now accruing to them and would be paying only one-fifth of the cost of operating the line. The Canadian Pacific might be losing a substantial amount of revenue which it now obtains, and the Canadian National would be reaping a considerable surplus of net revenue. Even if this situation could be adjusted satisfactorily, there would be no basis upon which division of earnings received from another jointly operated line could be determined in advance. The whole argument would have to be considered, due to different conclusions. But under unified operation the Canadian National line would be abandoned and the final net revenue from operating this division would be divided equitably between the two railways.

We could go on to great length exemplifying the economic difficulties attending co-operation, and the more one knows the actual circumstances attending railway operation the more evident does it become that co-operation is not the solution of our railway problem. On the other hand, unified operation has a great deal in its favour.

This brings us to another statement made by Mr. McDougall, that the Royal Commission turned down flat the amalgamation proposal. But this was not suggested by President Beatty. His plan was unified operation, not unified properties. Unfortunately, some have gone around the country saying that it makes no difference whether you call it unification or amalgamation: they mean the same thing. They would mean the same thing if merging of the properties into one organization were intended. But unified operation means something altogether different from amalgamation, notwithstanding the distortion of the meaning, as the terms were explained to the Royal Commission.

Mr. McDougall says that "as near an approach as can be made" to a solution of the railway problem "inside the railway structure" is to write down the debt of the Canadian National "to a level which it can properly be expected to bear", transferring the excess to the Dominion government, and thereafter requiring the Canadian National "to finance on its own responsibility and without guarantee" (p. 235). It might be given $25,000,000 of government bonds to start it off. It is a strange contradiction to say that "revival in traffic is the only way in which we can make any real impression on the present problem" (p. 224), and then to say that there may be an approach to a "solution by changes inside the railway structure". This scheme seems to be a particular favourite of Mr. McDougall's; for he has previously said that

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119906



this writing down of the debt would be the nearest to a solution;[4] but in that case he said this would have to "wait upon recovery from the current depression", whereas in this case the scheme "is offered as the nearest substitute now possible . . .".

But leaving aside such inharmonious statements, it is evident that in presenting the bold outline of such a plan he has little, if any, realization of what this would involve. Concerning it, let us note the following:

(1) While the Canadian National is a government road, the government cannot divorce the road from itself by simply assuming some of the liabilities and leave the company to bear the remainder. The company is a unit, not a series of separate liabilities, and as such the *full* responsibility remains with the government for the entire obligations of the system. A government cannot say that it will be responsible for *some* of its obligations and place upon other interests the responsibility for the remainder of its obligations. No government can release itself from responsibility for its own property.

(2) The annual railway deficits which have now accumulated to enormous totals—being in 1934 $49,506,695 less than enough to meet interest on the debt due the public—and the interest on government loans, which, at the end of December, 1934, amounted to $459,486,186,[5] are as much a charge against the company as its debt to the public or the interest on that debt. By no reasonable system of accounting could the company be released from the former any more than from the latter. The same truth applies throughout the entire series of liabilities.

(3) A governmental business is entirely different from a private company under conditions of stress. A private company, when it cannot meet its obligations, goes into receivership and the creditors secure what they can, but the company passes out of existence or else is reorganized. The government, on the other hand, must meet its legitimate obligations. It cannot repudiate its just debts. It cannot be put into the hands of a receiver who will dispose of its assets and then give the creditors their share. Moreover, so long as these debts must be borne by the Dominion government, the source of the debts must be shown in the accounts. The government, in making a true statement of its finances, must show how these accrue—the sources of its revenue and the bases of its expenditures. It could not act differently in regard to a particular division of its business, namely, the Canadian National Railways. Any attempt, therefore, to write down the "debt-charge"

[4] *Proceedings of the Sixth Annual Meeting of the Canadian Political Science Association*, vol. VI, 1934, p. 133.

[5] *Debates of the House of Commons*, Feb. 13, 1935, p. 841.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119907



of the Canadian National would be a clear indication of an attempt to disguise the real situation.

(4) If this deception were practised and the liabilities were written down, there would be still greater demands made upon the company for increased services and reduced rates. The late president was asked why he did not recommend that the capitalization should be written down and that the property should be operated free from active connection with, and control by, the government. His reply was that, if the debt were reduced, it would be only a few days before political or community interests would come to the management and urge that, because its obligations had been reduced, the company could now grant them increased service or lower rates, and, being a government-owned road, the company could not resist these demands.

(5) Akin to the foregoing, there is the consideration that if the debt were written down, so that it did not reveal the enormous amount of waste perpetrated by the governments of the country, there is every probability that in the future there would be precipitated another orgy of extravagant spending just as soon as the present conditions had passed out of mind.

(6) The plea that, after the writing down of its liabilities, the road "would be required to finance thereafter on its own responsibility and without guarantee", as Mr. McDougall suggests, would be ludicrous if the financial situation were not so serious. In order to finance its requirements the company would have to have a strong credit standing. But even if its liabilities were written down to the point where the road had enough revenue to pay its operating expenses and its fixed charges, including interest on the debt as thus written down, it would still lack the essential for a credit standing. In order to have a credit status which would enable it to borrow in the financial market, it would need to have a substantial surplus revenue which would furnish the basis of such credit requirements; and when the company could not have such a surplus revenue—since in 1934 it lacked $49,506,695 of meeting interest due the public—it is the height of absurdity to speak of requiring it to finance "on its own responsibility and without guarantee". The only thing it could finance without government guarantee would be the purchase of equipment through the usual means of equipment trust certificates.

Mr. McDougall offers this as the "nearest substitute now possible for the return of the Canadian National to private ownership under acceptable conditions" and he thinks that if this were done the Canadian Pacific might then enter into a programme of co-operation, while under present conditions "so long as the Canadian National has even a potential

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119908



call on government funds to finance capital expenditures and unnecessary operating deficits, so long will the Canadian Pacific not dare to enter fully into plans for co-operation with it" (p. 235). Such a statement is without foundation.

We have noted above the futility of this proposed solution; and, so far as the statement in the latter quotation is concerned, there is no more reason for saying that the Canadian Pacific will not co-operate with the Canadian National than to say that because the Canadian National has the long purse of the state behind it, it will not co-operate with the Canadian Pacific. But more conclusive is the statement in the Canadian National report for 1934, saying that both companies have "considered and discussed continuously" co-operative measures.

But Mr. McDougall says that even his proposed changes must wait upon the securing of an enlarged volume of traffic "if they are to be implemented" (p. 235). In other words, he considers that the present enormous financial burden must continue unabated and that nothing can be done about it until the enlarged volume of traffic can be obtained. But even assuming that we should have another year with the unprecedented volume of business of 1928, the revenues of the Canadian National would still be utterly insufficient; for in that year it was unable to pay the interest on its funded debt to the extent of a $29,868,437 deficit.[6] Since that time, of course, the annual interest obligations have increased, so that in 1930 they were approximately $10,000,000 more than in 1928.[7] Under these conditions, to speak of requiring the Canadian National Railways to finance its own needs without guarantee from the government is strange indeed.

"The pressing railway problem is a function of the depression, and will, in large measure, be automatically solved as the depression lifts" (p. 236). The government did not believe this; it therefore appointed a Royal Commission to develop a remedy and the Commission uttered some very serious notes of warning as to the immediate need of a solution. The Commission did not place the blame for the railway difficulties merely upon the depression, but listed seven "principal contributory causes". It did not tell the country that its railway problem would be "automatically solved" if the people would only exercise patience until better times returned. On the contrary, it showed the disastrous effects which would accrue from failure to solve the problem now.

Mr. McDougall repeats certain questions or suggestions of the Royal Commission, to which the latter gave only a hesitating answer (p. 237):

[6] *Canada Year Book*, 1931, p. 672.
[7] *Ibid.*, 1932, p. 554.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119909



(1) Could the railway officers of a unifiedly operated system manage the entire 37,000 miles of railway? (2) Would the management be as sensitive to the needs of the community as the two are now when in competition? (3) Would the workers' *esprit de corps* be maintained?

In regard to the *first* we would say: (*a*) The present official staff are now managing the entire mileage and there is no reason for thinking that it could not be managed under a unified staff. (*b*) The system of decentralization, under which each system has its eastern and western divisions, and each of these its subdivisions, has been so satisfactory that the collective judgment of these officers enables them to formulate policies for a nation-wide system that will meet the needs of all parts of the country. (*c*) Large organizations in other countries, like the large railroad and industrial corporations in the United States or the L.M.S. railway in Great Britain have no inherent difficulty in management. The fact is that unified operation would make the problem of management much less difficult than under the present system with its diversity of officials and interest.

In regard to the *second*, consider the following: (*a*) The management would be as sensitive to the real needs of the community as either road is now, because it would be desirable for the management to retain the public goodwill in order to increase its traffic and revenue. Otherwise a larger share would be diverted to the railway's competitors. (*b*) The management could then act in a judicious manner, without regard to political forces, which at the present time are so powerful as to prevent the management of the Canadian National from following its judgment as to the wisest course.

In regard to the *third*, let us note: (*a*) The workers' *esprit de corps* depends in a considerable measure upon their attitude toward the management; and when the relations of the management and the men are acceptable there is the highest incentive of devotion. It certainly cannot be said that the private company's organization is lacking in this respect. (*b*) The *esprit de corps* depends also upon the nature and outlook of the business. A business with an uncertain financial standing can seldom have the same measure of devotion on the part of its officers and men as one which is able to meet all its legal financial obligations. If these two roads were operated as one property, so as to eliminate the vast amount of present waste and to obtain even the substantial economies which have been mentioned by Mr. McDougall, namely, $40,000,000 a year, a new day of hope would dawn, with a decided advance in the *esprit de corps*.

W. T. JACKMAN
MAY, 1935

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

#5

119910
28 May 1936

# THE CASE AGAINST UNIFICATION

ADDRESSES BY.

HON. J. L. BOWMAN.
Speaker of the Federal House 1935.

---

HON. ROBT. HAWKINS. M.L.A.
Speaker of the Manitoba Legislature.

---

A. J. MIDDLEDITCH. Esq.
President of Division #45. C.B.R.E.

Dauphin Town Hall. May 28th, 1938.

President.
Wm. Dagg.

Secretary.
Wm. McClernon.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 1991 1

Mr. A. J. Middleditch

Ladies and gentlemen:

I am going to deal, as far as I can, with the view point of the employees with regard to this question. Mr.Bowman is going into the question largely and I shall not take up a great deal of your time. We are going to leave the real meat of this matter with Mr.Bowman. He is well acquainted with it, and as the Chairman has stated, is capable of going into the matter in detail.

We have been enjoying a period of viewing with alarm. Sir Edward Beatty views with alarm the transportation problem; the financial interests view with alarm the transportation problem, and the Canadian Manufacturers Association are having a severe case of the jitters over the transportation problem. I tell you, ladies and gentlemen, it is not a transportation problem; it is a financial problem.

Sir Edward Beatty has come forward to slay the dreadful monster that is eating at the vitals of the Canadian Nation. He is going to save seventy five million dollars for us. Who are we to turn down seventy five million dollars. Really, we ought to hail Sir Edward as the financial saviour of the country, but, Ceasar had a phrase, "Timeo daneos et dona ferrentes". For the sake of those of you who have forgotten what you learned at school it means, "I fear the Greeks when they come bearing gifts". And we have every need to fear Sir Edward Beatty. Did you ever hear of a financier risking his own business in order to save his competitor ---- neither did I.

Now how is Sir Edward going to save this seventy five million dollars for us? He is going to save it by dispensing with the services of approximately 17000 employees of the joint railways, and he is also going to do it by abandoning 5000 miles of track. Now the main saving on employees has been estimated on the basis of an average salary of $1700.00 per annum. If this is the average salary, then I am underpaid. The actual average salary has been figured out at about $1300.00 per annum, and at this figure, in order to make the saving he expects, Sir Edward would have to dispense with somewhere in the neighborhood of 25000 and not 17000 employees, and that is something that he is not telling the public. Sir Edward states that the normal wastage of 5% per year would in five years offset this so that the employees interests would be protected.

Now I am in the position of being a sort of recording angel of the Dauphin Division to some of you fellows. I know your shortcomings, the things you have done that you ought not to have done, the things you have left undone that you ought to have done, and so forth over a period of years; and I was very sceptical of this figure of 5%. So, I looked up my records for the last ten years, and bear in mind that we have on our seniority lists on the Dauphin Division something like 1000 men. There are between 600 and 700 permanently employed. Also please bear in mind that when I speak of the Dauphin Division, I speak of the Canadian National System, and that when I speak of the town of Dauphin, I speak of any town that might be affected by this unification scheme. As I say, I looked up the records and found that in the last ten years 46 employees had been retired on pension on the Dauphin Division. If you figure that out you will find that that is less than one-half of one per cent per annum. I didn't let it stop there. I thought of a gentleman who should know what he is talking about. I wrote him and asked, "Can you tell me how many employees are retired each year, how many die, how many resigned", and he told me that approximately 1% of the employees are retired per annum. He didn't have any figures they could depend upon for resignations and deaths, but they are about the same. So there you have it --- 3% covers the normal wastage of the C.N.R. personnel, not 5% so that you can see that the normal wastage would take more than five years. Sir Edward, however, is very generous, he might even spread the scheme over seven years if necessary. He would have to go a lot longer than that.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119912



Now in his statement to the Senate the other day Sir Edward said, (I am going to quote his words) "Unification would help the workers by making their positions secure." He cited the case of the British Railways, where under amalgamation 70% of the workers were retained by the Railways, and the remainder were taken care of by the Government. In other words, in order to save the country from paying the Canadian National deficits the workers dispensed with would have to go on relief; there is no other explanation. Again, further on in his statement, Sir Edward said, quote: "I do not think the labor problem is serious. There are three ways of handling it. The age limit for retirement could be reduced; provision might be made for an allowance after a period of years, or the formative period of unification could be extended for seven years. I would not worry about that," he said, "There would be no serious dislocation of labor." He had given the matter a great deal of consideration. He was prepared to go "very far" in meeting human demands. What do you think of that now.

Let us read a little bit more that Sir Edward Beatty said in the Senate, and I can almost see Sir Edward weeping crocodile tears when he said it.

"The only reason for accepting unification is that it is in the national interest, and it is in the national interest because every measure which will reduce the cost of carrying on the vital task of transportation in Canada is in the national interest. It is in the national interest because the public finances of this country need relief, and unification will afford it. It is for these reasons that I have come to the conclusion that unification can not be avoided. I have never welcomed unification. The Canadian Pacific is a highly developed organization and an object of pride to all its Officers and employees. Under unification it will lose its identity - and that is a real loss to those of us who have spent a lifetime in its service. Even with the acute competition given it by what I consider has been an unwise venture of the state into the railway field, I still believe that the Canadian Pacific can survive as an independent institution. Far from eagerness to seize the publicly owned system, I feel deep regret that, only by unification, can we remove the greatest danger of which I know to the future of the nation. In a recent public address I said that unification is inevitable. The public need compels it."

What do you think of that? He has the national interest at heart, hasn't he?

The Ottawa Journal, (I don't know if any of you have seen it's editorials) wanted six questions answered on the subject of unification. They had reference to a speech made by Sir Edward. I am going to read the questions and their answers to you, I won't take too long, merely the questions and the answers. Please pay attention to the answers, they're good.

1. Upon what did the executives of Canadian Railways, in their evidence before the Duff Commission, base their estimates of such a saving?

Answer. The estimates furnished the executives of the Canadian Railways were arrived at after careful analysis of the traffic, service, equipment and facilities of the two railways.

2. Is Sir Edward himself in possession of facts leading him to suppose that such a saving would be possible?

Answer. Yes.

3. If so, what are the facts?

Answer. Based on a year of normal traffic volume, Sir Henry Thornton estimated possible economy of $60,000,000. Sir Edward Beatty's estimate was based on the year 1930 and showed a possible economy of $75,000,000.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119913



4. Would such a saving involve the tearing up of many miles of tracks, and, if so, how many miles?

Answer. The economies to be derived from the joint operation and management of the two properties are not primarily dependent upon abandonment of railway lines. The major part of the savings would be possible without any abandonment. However, careful analysis indicated that there were up to 5,000 miles of line in Canada which could be classed as duplicate or redundant. With a re-routing of traffic, some of such lines could be either abandoned or the standard of maintenance reduced in keeping with the changed nature of the traffic.

5. In the event of the necessity of tearing up tracks, where, in what parts of Canada, would the tracks be torn up, and where would a beginning be made?

Answer. As has been indicated, the tearing up of tracks would neither constitute the major nor initial step in securing unification economies. In carrying out the physical unification of the two systems, the first step would be to re-route the traffic in order to utilize the most economical facilities and secure the most efficient handling. The re-routing offers a wide scope for economies throughout the whole of Canada. After conditions had become stabilized on the route selected for permanent operation, the sections of track which should be abandoned would be clearly indicated and their elimination should be accomplished without serious friction.

6. Would such a saving necessitate the dismissal of railway employees, and, if so, of how many railway employees - this in view of the fact that so large a proportion of railway costs are labor costs?

Answer. Unified management of the two railway systems would ultimately result in a reduction of from 15 to 17 per cent in the numbers of those employed in a year of normal traffic. The number of railway employees affected at any stated time depends upon several considerations, such as whether traffic volume was increasing or decreasing, the rate at which the unification plans were progressing and the policy to be followed in regard to the employee situation. After all, the actual adjustment in labour employment will be solely dependent upon the rate at which it is decided to eliminate the present uneconomic cost of duplicate railway services. It should be possible to progress the plan of unification at a reasonable pace so as to keep the number of present employees unfavourably affected, and thus entitled to compensation, at a minimum.

Now I am sure my friend Mr.Bowman will appreciate all this, he is a lawyer, so is Sir Edward. He wrapped it up didn't he? You can't make very much out of that, and I don't think they did in the Senate either. It isn't an easy thing to tie Sir Edward down to facts.

Consider those men who are going to be dispensed with on account of the unification scheme, if it is put into effect. They will, as I have said, have to go on relief. They would lose their homes, all that they had invested, and their savings would be wiped out. Men who have spent half a lifetime in the service of the railway would be forced to realize on their homes, forced to retire in a world where labor was becoming cheaper.

Let us consider Dauphin, remembering what I said previously, that when I speak of Dauphin I also speak of every town that is going to be affected by this unification scheme. There are 235 employees working in Dauphin at present, just in Dauphin Terminal itself, not out on the Division. They own homes assessed at $265,350.00, they also rent homes assessed at $106,375.00, a total of $371,725.00. Now your total assessment for the Town of Dauphin is $1,982,000.00, at 55 mills

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119914



on the dollar, which is the tax rate this year the assessed property owned by the employees and rented by them pay $20,444.87 in taxes to the town, and the rates paid by the railway for light and water for the year 1937 was $10,570.78. Those of you that have your tax notices, look at the light and water surplus, take away the light and water rates paid by the employees and the railway and you would have a deficit and not a surplus. Do you begin to see what unification would mean to Dauphin if this terminal was done away with. Station staffs and offices would be removed, shops would be closed, and with the exception of a few men left on the track to take care of the reduced maintenance as suggested by Sir Edward, and possibly a few train and enginemen, all the employees would be forced to move elsewhere.

Take myself for instance. I have lived in Canada for 27 years, I have been in the service of the Canadian National with the exception of time overseas for a quarter of a century, and I have worked hard, as you all have, under present conditions all men who have worked for the Canadian National have worked hard, what is going to happen to us if we are dispensed with. Some employees, notably the train and enginemen, could go elsewhere and exercise their seniority. This is not the case with Office staffs, and shop staffs and sectionmen. There is no seniority off of this Division for us, so that I, if I were laid off as a result of this unification scheme, where would I be? -- Holding the bag. Yet Sir Edward Beatty says, he does not think the labor problem offers very serious difficulties. If these men have to leave Dauphin as a result of this scheme, those that are left, and I speak of those people who are not employees of the Canadian National here, you will have to bear the brunt of the taxes that I and my fellow employees do not pay. If I am forced to leave Dauphin and go elsewhere my home will be worth nothing, under these circumstances I could not sell it, I could not even rent it, and without a salary I could not pay the taxes on it and eventually it would go back to the town. And what would be the effect on you people that are left, your schools would be the first to feel the effect. Homes gone back to the town through being left and no one to pay the taxes. Your services would be curtailed. Dauphin would become again a small farming community. Not only would the loss fall on us, but on the business men who have invested in each town to serve the wants of employees, investment values would languish, business income crippled.

I want you to think of other towns besides Dauphin, and I am going to quote further from the Senate enquiry, and this will give you an idea. "When a railroad quits."

"In 1933 the Milwaukee railroad abandoned its branch line between Sioux City, Iowa, and Wynot, Nebraska, a distance of about 50 miles. The abandonment was made necessary by truck competition, which had caused the railroad to carry on operations on the branch line at a substantial loss for some time. The trucking concerns serving the area assured interested townspeople and farmers that they could entirely fill any transportation need. This claim was taken into consideration by the Interstate Commerce Commission in permitting the abandonment. Here, according to the Minnesota Grain and Feed Review, are some of the results.

> First, grain shipped from the affected area to Sioux City, thence to be sent east, was carried by railroads at 3 cents a bushel. To-day the rate is 10 cents a bushel. In the days of the railroad, coal was laid down in the farthest town on the branch line for 20 cents a ton. To-day the truck rate to close-in points is $2.00 per ton. Real estate values in the railroad-less area are at new lows. Town homes that cost $4,000.00 cannot find buyers at $500.00. Farm values have dropped from 50 to 75 per cent. The branch line railroad paid $28,000.00 each year in taxes to local units of Government. That sum has now been shifted to the remaining taxpayers.

This is no argument against trucks, in their proper field. It simply illustrates the fact that those who think an area can get along without the railroad don't know what they are talking about."

Rather illuminating, that, don't you think?

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119915



The employees of the C.P.R. don't like this scheme any more than we do but they don't dare say anything, they can't.

The employees of the Canadian National Railways are, after all, public servants, and they are the lifeblood that animates what is a public utility publicly owned, and it is up to every one of us to keep it out of the piratical grasp of private interests, for that is what is going to happen to the property if we do not interest ourselves. Think of this in relation to Dauphin. Are there any elevator men here? If there are, I want you to think for a moment of the houses that you have along the lines of proposed abandonment. Are you going to leave your elevators there, or are you going to move them elsewhere, if so, where? Farmers on the abandoned lines would be forced to haul their grain to the nearest railroad, they would be going back to pioneer days when grain was hauled as high as 50 miles. The whole scheme is re-actionary.

This is a scheme to benefit foreign investors. I do not know whether it is any information to you, but I am an Englishman, I am very fond of my native land,but my loyalty is to the land of my adoption. I am not fond enough of my native land to see Canada ruined for the sake of 58% of the Canadian Pacific investors who live in Great Britain, indeed, these proposed savings could only be achieved by the inhuman process of disregarding the rights of men who have given years of their life to its building.

Mr.Deachman, M.P. stated in his speech on the railway problem, that if the wastage of 5% was true of the railway, then it was true of all industry, and we know it is not true, the result will be chaos.

I want you to think of one more thing before I leave this part. I told you before we have on our seniority lists on the Dauphin Division about 1000 men. There are just over 600 men permanently employed. That means that there are 400 men only getting seasonal work, as the fluctuation which Sir Edward Beatty refers to goes up and down, that is, as we move grain in the fall and as industry increases and we get tonnage to move, we take on more men. In the summertime we have more men working on our tracks, fixing them up to take care of the traffic. That accounts for a lot more men. With the exception of these track men we haven't taken on one man in the last ten years. Now where is your normal wastage of 5%? Those men who have been on the seniority list for ten years looking for work to do, what is going to become of them. They hold themselves available for a period of ten years. Have they no consideration coming to them? What will happen to them if permanent men are laid off as a result of unification?

Reverting to Mr.Deachman's statement. The opponents of the National System claim that it will collapse if it is not unified. By the same argument, so will Canada. It has one Federal Government and nine Provincial Governments and a thousand and one Municipal organizations, each overlapping and competing in some degree. Unified control here would be more efficient. If we are going to put the C.N.R. and the C.P.R.together, why can't we do the same with our Governments? I'll tell you the reason why. The people of Canada are not prepared to scrap their legislative machinery, their right to choose their own representatives. But some of them, mostly financial interests are prepared to swallow the propaganda for railway amalgamation that is being poured out in all directions. I have no doubt that some of you have read the effusions put out by the Canadian Manufacturers Association. Ask most of them what this is all about, they won't be able to tell you, they are all for this unification, but they do not know why. But there is one man among them - I don't know how many of you have read the current issue of the Dauphin Herald, if you have not done so I advise you to do so and read the letter written by Mr.H.L.McKinnon, President of the Melrose Products. There is a man who has no axe to grind, a Manufacturer, not a Railwayman, who practically put his future into a protest against the colossal claims of the C P.R.

If amalgamation is put over there will be a huge breach in the walls of democracy and the enemies of it will not be slow in moving in. There can be no compromise on the question of amalgamation. Not merely our jobs are at stake, but a defence of public interest and living standards of all Canadians against a major attack. The problem of the railways is an inheritance from the days of spendthrift private building and financing.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119916



But the railways are not the only public utility that is piling up deficits. In this connection it is interesting to know that the excess of expenditure over revenue on aids to navigation, canals and harbors for the fiscal year ending March 31st, 1936 paid by the Dominion Government amounted to $32,057,018.00 and the excess of expenditure over revenue on highways for the year 1935 amounted to $37,866,826.00. These two competitors of the railways thus cost the people of Canada the huge sum of $69,923,844.00. This does not take account of the extra subsidies to air transport, but nevertheless amounts to nearly double the estimated deficit of the Canadian National Railways for the year 1937.

There are impressive rules and deductions to be drawn from the Canadian Railway experience, and the obvious one is that care should be taken lest the Government of Canada should be manoeuvered into a scheme of railway unification that will have amalgamation as its final consequence.

The annual C.N.R.deficit represents an adjustment cost of the Canadian method of maintaining a comperatively low freight rate schedule, 10 to 20 percent lower than on United States roads, this is notably true of grain. I will give you some figures that will illustrate this.

From Regina to Fort William, a distance of 776 miles the freight rate on grain is 20¢ per hundred, while from Glasgow, Montana to Duluth, a distance of 783 miles, only seven more miles you will observe, the rate is 35¢ per hundred. From Calgary to the Lake Ports, a distance of 1243 miles the rate is 26¢ per hundred, while from Rexford, Montana, a distance of 1245 miles, observe again only two more miles, the rate is 55¼¢ per hundred.

It would be equitable to increase the rates by 10% to cover the deficit, but the C.P.R. would benefit,and the result would be that we would not have to pay the C.N.R. deficit, the C.P.R.would get a nice little bit of velvet, and the farmer would not get so much for his grain. In other words, no matter how you shape it, whether you increase rates, or whether you retire railroad men earlier, or put them on relief, or compensate them in other ways, you are going to pay that deficit, the only thing that will take it off our hands naturally is a boom in business.

If, as Sir Edward Beatty states, the C.P.R. could get along and still operate at a profit, why does he not wait until the Government, representing the country come to him and ask him to save the National Railways? He would be in the driver's seat and would be able to dictate his own terms. He is being driven by his own shareholders to try and obtain control of the entire railway system of Canada. The National Railways, in spite of their deficits, is still a National Asset.

Sir Edward appeals to the well known rapacity of the tax-payer, and that is you and I, how many of us like to have our taxes reduced and not ask too many questions as to how it is going to be done. Yet, mark this, your taxes are never reduced without you pay for it in some way,and that is the basis of this appeal to the public to obtain a strangle hold on the National Railways.

Be sure that if Sir Edward Beatty does gain control, to paraphrase Mr. Joseph Chamberlain, your transportation will cost you more, if not directly, then indirectly. Are you going to help him do it. It is up to everyone that is interested in the welfare of his country to talk to the public on every opportunity you get to let them see that the C.P.R. and Sir Edward Beatty leading them, is out to gain possession of the National Railways at any cost.

Ladies and Gentlemen, I thank you.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119917



Hon. J. L. Bowman

Mr. Chairman, Ladies & Gentlemen:

I have gathered from the remarks of the previous speaker that he has little use for Sir Edward Beatty. I cannot agree with him. I think Mr. Beatty is a very able man, and, if I were President of the Canadian Pacific Railway, I would do exactly as he is doing - continue to advocate unification - provided it was going to help the Canadian Pacific and I cannot imagine what else it is going to do, - Sir Edward is for it.

While in the East in the early part of this year I found this Railway question a topic of current conversation and interest. One person who, if I were to give you his name you would at once recognize as being one of the foremost men in the business world in our Dominion said to me - "This Railway question will never be settled until there is a crisis in our affairs -- The Canadian Pacific Railway will either have to go broke, or we will have to have a war and a union Government, before the Railway problem will really be grappled with in a serious way; otherwise no Government will undertake to deal with this question because it it is political dynamite." I think it rather unfortunate that the Railway question has become political dynamite. It is a matter of such tremendous importance to everyone in the Dominion that we should be able to consider the various aspects of the problem on their merits and free from all local, sectional and party prejudices.

I purpose viewing this matter from the viewpoint of the taxpayer, the man who has to pay the bill.--and of the owner. Mr. Chairman, if we could get across to the people that it is they who own the Canadian National Railway then our troubles would be over so far as any worry over unification or amalgamation is concerned. I travel Canadian National because it is 'my' Railway. If we could get the rest of the people, or the majority of them, to travel C.N.R. because it is their Railway or to ship their freight C.N.R. for the same reason, we would not need to worry over further deficits or losses.

When we speak upon this question and talk of hundreds of millions, and even billions, the huge sums involved make the question appear complicated. The truth is that the basic facts are not so difficult to understand. If we bear in mind the history of the formation of the Canadian National Railway system we will understand things much better and perhaps view the present situation from a different angle. One trouble today is that the advocates for unification so constantly and repeatedly emphasize the monetary losses of the Canadian National Railway system that this phase of the question alone is given consideration, while other sides of the problem just as important are wholly overlooked. This emphasis on deficits also creates dissatisfaction and in turn leads to agitation and a demand for action of some kind. It is the hope of some that the cry will be for "unification."

Of course we are losing money! Can anyone who has ever read history of the Canadian National Railway, and the manner in which it was brought into being expect it could do anything else under existing conditions than lose money? Major parts of the Canadian National Railway System were never built with the idea of profit. The Intercolonial system was built as a fulfillment of a pledge given by the Fathers of Confederation to the Maritime Provinces, that if they would come into Confederation the Maritimes and Upper and Lower Canada would be linked together by a Railway. When, then, in 1923 the Intercolonial Railway was brought into and became part of our Canadian National system it brought with it deficits of some four to five hundred millions of dollars which had accrued over previous years of operations and which hugh sums are now charged as part of our investment in the Canadian National Railway System. Then too, many hundreds of miles of Railway subsequently taken into the Canadian National System were built for the primary purpose of opening up new areas for settlement and for the development of the resources of our mines and forests.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D.I 99 1 8



May I quote from a speech I made some three or four years ago. "You are all aware of the conditions under which the Canadian Northern, the Intercolonial and Grand Trunk and Grand Trunk Pacific were merged into one great corporation called the Canadian National Railway System. I would draw attention to this fact, that at the time of that amalgamation it was really a merging together of bankrupt concerns. The Grand Trunk Pacific was in the hands of the receiver, the National Transcontinental was still in the hands of the Government; the Canadian Northern Railway had failed in its ability to carry on during the war period and had secured financial backing from the provinces and the Federal Government; the Intercolonial had shown deficits year after year, and the Grand Trunk had been dragged down to the verge of bankruptcy by the contract which it had made for the operation of the Grand Trunk Pacific. It must be borne in mind that during those years of the merger 1919, 1920, 1921, 1922 we were paying out immense sums to meet the deficits of these railways, as follows: 1919 - $55,000,000, 1920 - $80,000,000."

You will note that even as far back as 1920 we were paying out in deficits almost twice the deficit of last year.

"1921 - $70,000,000, 1922 - $58,000,000. It must be borne in mind that at that time we had a medley of bankrupt concerns operating as separate and distinct entities, and operating at tremendous losses, with a great preponderance of main line mileage over branch line mileage, and with forty-one per cent of the roads out of the hands of the construction contractors only with the previous ten years. These Railways were equipped as one might expect bankrupt concerns to be equipped. The first step for the new management of 1922-23 was to construct additional branch lines and to furnish the roads with proper equipment. To mention only a few of those items. Between 1923 and 1930 the following sums were spent: for branch lines, $65,000,000; permanent ways and structures, $106,000,000, of which $20,000,000 was spent in one item alone for creosoted ties; freight cars, $71,000,000; new passenger cars, $29,000,000; locomotives, $36,000,000; telegraph lines $7,000,000. One could go on giving similar sums which were spent in that way. It must be remembered when we speak of the tremendous sums of money which were put into these Railways that we knew what kind of a bargain we were making when we took them over. We knew that large sums of money would have to be spent to enable the railways to operate as an efficient and economical unit."

Sir Henry Thornton may have had his faults, and who hasn't, but no one can take from him the credit of consolidating and co-ordinating these bankrupt concerns into one of the greatest Railway systems in the world.

Just as that co-ordination and consolidation was nicely under way we were hit with the depression and unfair motor vehicle competition. Do not forget that prior to the depression this conglomeration of bankrupt concerns, still in the process of consolidation, did not do too badly. We forget these figures now because nobody is drawing our attention to them. As a matter of fact that is why we are having this meeting tonight. One of the best informed men on Railway matters, Honorable R. J. Manion, said to me in Toronto a couple of months ago. "The people of Canada are hearing only one side of this question". Well if that is a fact it is time we heard the other side.

What are the figures prior to 1930? In 1923, the first year after the Railways were merged, the net income of the newly formed Canadian National system totalled $13,000,000, the interest was $35,000,000, the deficit would therefore be some $22,000,000. Not bad when you review the figures quoted of losses of 55, 80 and 70 millions in the years 1919, 1920 and 1921. In 1924 the deficit was 24 millions, in 1925, 10 millions. In 1926 we actually made 2 millions over and above all interest charges. In 1927 we lost about 4 millions, in 1928 we made about 3 millions over and above all interest charges. At least the results of the merger during these years was better than the deficits which were paid in 1920, 1921 and 1922.

Then came the depression. In 1930 the net income fell off by 17 millions over the previous year and in 1931 there was a further falling off of income amounting to another 20 odd millions. Since then we have had loss after loss. Of course we had! Have not the majority of Railways in the United States taken just as big losses proportionately as the Canadian National Railway? Recently an

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119919



authority on Railway matters expressed the view that today there were only three Railways in the United States whose stock was worth a dollar. This may be an exaggeration but it at least indicates that the Canadian National Railway is not the only Railway system that is having trouble. One may pause to ask - How is it with the C.P.R.? Why this cry for unification if all is well in this quarter?

Now we are through the period of depression and if one views the figures for recent years the situation is not, perhaps, so black as it had been painted.

In 1931 our net profit on operations was a little over $1,000,000 (I give round numbers only) in 1932 $6,000,000; in 1933 $6,000,000; in 1934 $13,000,000; in 1935 $14,000,000; in 1936 $15,000,000; in 1937 $17,000,000. In other words net profits have risen from $1,000,000 to $17,000,000 in hard times, and yet we are told there is no hope, that the best think that we can do is to throw the Canadian National system overboard. Well, I for one am not prepared to do so.

Losses naturally lead to charges of inefficiency and extravagance and we have heard much of this in respect to the Canadian National Railway. Certainly there was error and extravagance in the years 1928 and 1929. The Company undoubtedly built hotels which should not have been built. The Seattle-Vancouver-Victoria boat service expenditure was a mistake, but what eminent financier or big Corporation in Canada or the United States did not make the same kind of mistake in the same period? How many of us individually did not make mistakes through those boom years? Yet there are those who would impress upon the Public that the management of the Canadian National Railway alone was unwise and extravagant during that abnormal period. As a matter of fact both our great Railway systems were guilty of over expansion at this time but to no greater extent than other individuals or Corporations.

Coming back to Unification, of which we are now hearing so much. Formerly it was "Amalgamation" now it is "Unification". "Amalgamation" is taboo since 1932 because in that year the Duff Commission decided that there was to be no Amalgamation. Now we have a different scheme, - There is to be "Unification" - but not "Amalgamation." The advocates of "Unification" tell us that by some mysterious process of shifting around the Railways, combining services here and there, abandoning this line and that, pooling trains and services we are going to save $75,000,000. I have carefully read Sir Edward Beatty's speeches on this subject. To me it is rather strange that not once in any of his public addresses on this subject has Sir Edward ever given the public details of the proposals which would effect this huge saving. At last some information in this regard is being made available through the Senate Committee at Ottawa at present investigating out Railway problem.

From this source we now learn that in 1932 either Sir Edward or some other official of the Canadian Pacific Railway Company submitted to the Duff Commission a secret proposal, the details of which have been kept from the public until the present time. What are some of the details of this proposal? Roughly - there were to be 39 abandonments, mostly C.N.R. West of Fort William. Of approximately 5000 miles of Railway thus to be dealt with 2216 miles of main line and 1042 miles of branch lines, or a total of 3258, were C.N.R. - 744 miles of main line and 961 miles of branch line, or a total of 1705, were C.P.R. Is that what we are to expect from Unification? Abandonment on the basis of 3200 odd miles Canadian National and 1700 Canadian Pacific? Kept secret for six years for fear, as we see from the Press, that the public in these proposed abandonment areas might not become too incensed over the proposal of abandonment. Is there any doubt in your minds as to why Sir Edward wants Unification? Does he want to help the Canadian National Railway or does he want to help his own system? Do I need to labor that point.

"Unification" -- what form is it to take? Well I presume that they have in mind the setting up of a Central Management Committee -- unified management -- a management to take over both roads. May I ask what kind of a management there should be if we are to have efficiency! Should you have a harmonious management, or should you have one, part of which is pulling this way and part in the opposite direction? Personally I cannot see much hope for harmony with a management composed of representatives of these two Railroad systems -- that is presuming such representatives are loyal to the Railways they represent. Could you expect harmony

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

M 19920



and agreement, for instance, in considering the proposal for abandonment to which I have just referred?

In this proposal for unification Sir Edward states that he does not wish the two Railway systems to become one -- he wants the identity of the Canadian Pacific Railway to remain. You all know Winnipeg. Supposing under this unification scheme it is decided that either the Transcona Shops or the C.P.R. Shops are to be closed -- say that the Transcona shops are to be closed -- as that perhaps might be expected seeing that Sir Edward is proposing to take up 2200 miles of C.N.R. main line -- and that the work is to be done in theC.P.R. shops. Well, they do that and operate the one shop for six or seven or eight or ten years and it is decided, because times are better to put the C.P.R. back on its own and the C.N.R. likewise. Will someone tell me how you are going to do it? In the event of segregation how are the employees in this particular shop to be allocated? To the Canadian Pacific? - or to the Canadian National? And when you decide to make a division, after a period of years passes by, are you going to have enough employees to man both shops? And won't the same thing apply with regard to other services? After, say ten years, if we want the Canadian National back or the Canadian Pacific is once more to go on its own how are we going to unscramble the systems? Surely an impossibility. And so, I say, unification means first -- loss of identity. Sir Edward has just said that he does not want the Canadian Pacific to lose its identity.-- then to me unification means only one thing and that is the loss of the identity of the Canadian National Railway system.

Now let us look at this unified management from another angle altogether. What are we going to do with the revenues of the Roads when unification goes into effect? Are we going to pay part of the money into the pockets of the Canadian Pacific and some into the pockets of the Canadian National and pool the whole? Well, if we are going to have one management the monies certainly should all go into onepocket. Then how is it going to be spent? In considering this question it might be well to remember that the Senate in the year 1925 passed a resolution that the two Railway systems be brought under one directorate and that in addition to providing for payment of outstanding bonds and debentures of the Canadian Pacific Railway the shareholders of this Company be guaranteed a fair annual return on their stock holdings. It is abundantly clear that one of the ideas behind unification -- and perhaps the main one -- is that the shareholders of the Canadian Pacific should get, in fact be guaranteed, a return on their investment. The bond holders and debenture holders are fairly safe now. Enough money, in face 8 or 9 million dollars annually over and above requirements in this connection, is being earned by the Canadian Pacific at the present time. And so one must inevitably come to the conclusion that it is the ordinary shareholder of the Canadian Pacific who is to profit from unification. Speaking before the Senate Commitee within the last day or two Sir Edward Beatty stated that "Unification would permit the Canadian Pacific to earn a fair return on prudently invested capital." Are we prepared to enter into any scheme whereby we are going to undertake a further liability and take on another burden by way of guaranteeing a "fair return"to the shareholder of the Canadian Pacific Railway? And bear in mind that the present liability of the Canadian Pacific to its bond and debenture holders is approximately $20,000,000 a year. Might we not fairly ask ourselves the question as to what would happen if conditions did not improve and Railway revenues fell of instead of increasing. Might we not become liable for payment of the annual interest due the Canadian Pacific bond and debenture holders and thus shoulder another $20,000,000 annual payment in addition to the 40 or 50 million dollars which we are carrying at the present time? I for one say "No." If we cannot handle the deficits of our own publicly-owned system then certainly we are not in a position to take on any further liability and I prefer to take my chances with the Canadian National as a separately operated system than join up with the Canadian Pacific and attempt to operate under the huge and unwieldy system that would result from this union.

Before I sum up may I point out that in Canada at the present time,- and many people forget this, - there is legislation providing for co-operation. Perhaps co-operation may not have been the success that some of us expected nevertheless a saving of some $1,750,000 annually has been effected. I believe the main trouble in the past has been that the opposing factions in the joint co-operation Committee have not been able to get together. In my opinion further savings could be made, and without hurting anyone, if changes were to be put into effect gradually.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19921



I have, I believe, made it abundantly clear that Unification is not the answer to the problem; it is my confirmed opinion that it will only lead to the destruction of the Canadian National Railway. Have the taxpayers of the Dominion of Canada, after paying two and one half billion dollars into this vast, publicly-owned transportation system and after building it up into one of the greatest Railway systems in the world, arrived at the stage where they are prepared to risk the loss of this vast sum of money - almost as great as our National Debt - by a merging of our two great Railways for some theoretical or problematical saving? Do not forget that even if, as a result of unification, the Canadian Pacific were to emerge as the owner of both systems, Canada is still liable for a guaranteed debt of a billion dollars on the Government guaranteed bonds and debentures of the C.N.R. If we were to give the Canadian National Railways away today we are still liable for this huge sum and its annual charge of approximately $50,000,000.

Is the population of Canada to remain stationary? Is business never going to be better? Are we ready to throw up our hands in despair? Or are we going to adopt the attitude that I am sure the vast majority of us are in favor of and say - "These expenditures are behind us - we are the owners of one of the greatest Railway systems in the world - our population will increase - business will be better - let us carry on!"

What about our grain crop? Even last year with only half a wheat crop we paid $6,000,000 taxes into the coffers of the Federal Treasury and had another $8,000,000 to apply on the interest of the Railway Debt.

Then too are we going to say that two of the greatest Railway systems in the world, one of 17,000 miles and the other of 22,000 miles, under one management would be better, more efficient and bring greater returns. Rather would you not contend that the ablest management have enough to handle in the respective systems as they now exist. I quote from the report of the Duff Commission "The Management of so great a system (referring to amalgamation) might well become unwieldy and necessitate segregation."

Are we prepared to carry on as we are or do we prefer a monopoly? To this latter question the Duff Commission said "No." I quote again from its report. "To establish a monopoly of such magnitude and importance would place in the hands of those responsible for the administration of the system powers that would, if not properly exercised, prejudice the interests of the Dominion as a whole."

At the present time our freight rates on grain are the lowest in the world;-partially because we have competitive systems. One can very well imagine that if the Railways became one the first thing that might be expected would be an application for an increase in freight rates. Would it not be better to have a Railway system of our own which would give us some say in what the freight rates should be?

No matter how I look at this question of unification or amalgamation -- whether I look at it as a taxpayer or as an owner --- there is absolutely nothing in it to appeal to me nor do I believe to the average unprejudiced citizen having a knowledge of the basic facts. It does seem to me that we have everything to lose and nothing to gain through unification. Certainly it would lead to loss of the identity and perhaps the destruction of our Canadian National Railway System while not removing one iota of our liability as taxpayers for appreximately $50,000,000 per year on guaranteed debt.

Why not realize that we have a great Railway System of our own.

That having two transportation systems prevents the evils which always flow from monopoly -- that it insures competition and efficient services and equitable freight rates.

That the cost of building and equipping this great Railway System is behind us and that we are now the owners of a Railway System capable of handling passenger and freight traffic as efficiently and economically as any of the great Railways of the world.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19922



That this System is operated by men highly capable of performing their respective tasks and duties and who are loyal to the System to the last degree.

That vast benefits continue to accrue to Canada through the products of new wealth from the farm, the forests, the mines and the great inland waters served by this vast transportation system.

That tremendous sums of money are yearly saved to this Dominion by the comparatively low freight rates at which grain is carried.

That despite unfavorable conditions net revenues, after paying very large sums of money into the coffers of the Dominion Treasury for taxes, a net profit is being realized (without considering interest) and that a return to better times will see a substantial reduction in the Canadian National Railway deficits.

Believing as we do in the future development of this great Country, this is no time or place for defeatism -- let us carry on."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

D 19923



Hon. Robert Hawkins, M.L.A.

Mr. Chairman, Ladies and Gentlemen:

I desire to thank you for the invitation to attend this meeting, and I am glad of an opportunity of again expressing my opinion with regard to the so-called "Unification Plan" of the Railroad Systems of Canada.

I am happy to be associated on this occasion with your Chairman, Mr. Ronald S. Moore, a young man who was educated in our local schools and received his training in this community, and who has always taken a deep interest in public affairs, and has shown such marked aptitude for public life, and whose abilities and knowledge as a student have gained for him a position of leadership in the community. Also, with the Hon. J. L. Bowman, whose long record of public service and untiring efforts on behalf of the public, together with his contributions to the public life of the country, recently earned for him deserving recognition in the House of Commons, at Ottawa.

I am pleased to note too that Mr. Middleditch, one of the younger executives of the Canadian National Railways System is taking a prominent part in this and other public affairs, and it seems to me that the expressed opinion of this meeting is bound to have some weight, and some bearing on the question, now an important issue, which may possibly affect very materially the development of this town, and the progress and standing of its people.

There has been some criticism of the calling of this meeting, on the grounds that public opinion here could not very well be other than opposed to the unification plan as proposed by Sir Edward Beatty, President of the Canadian Pacific Railways. This perhaps, is a natural reaction in a Canadian National Railway town, but in my judgment, the move was quite wise, and the sponsors of the meeting are to be commended, because the question of unification of railways is one on which there is divided opinion even here. True , for the most part, residents of the Town of Dauphin, in the light of its history, and what the Canadian National Railways has meant to it, would be apt to look very carefully into any movement or action which might affect the position of the railway and its employees, and oppose very strongly anything which seemed to them might be detrimental to their interests. I find, however, as a result of the intensive propoganda of the last few years, that some form of amalgamation has induced a feeling amongst a great many people throughout the district that some form of joining up the two systems is necessary, and as the case against amalgamation is not nearly so well submitted, a meeting such as this will give an opportunity to clarify the situation, and give a better understanding of the question.

There are many earnest students who are trying to form a conclusion as to what would be the best way to deal with a situation that is undoubtedly serious, and causing grave concern to the people of Canada. I have listened with a great deal of interest to the address of Mr. Middleditch, and the Hon. Mr. Bowman, and appreciate, as you no doubt do, the amount of information which they have given us, and as this has been so clearly, concisely, and emphatically placed before you by these two speakers, I shall try to avoid repeating the arguments, and restating the facts as submitted by them.

The case for unification is now being presented before the Senate Committee at Ottawa, and I have no doubt you have all been following the reports of the proceedings before that Committee, which are given very fully in the daily papers. There is indeed a wealth of information now available as a result of speeches, press articles, pamphlets and broadcasts which have been prominently before the public recently, so that, perhaps, most people are reasonably well informed.

I have already stated, in writing to the Railwaymen's Legislative Committee, my opposition to the unification plan, as advocated by Sir Edward Beatty and have studied the situation as contained in the plans submitted by the advocates

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119924



of unification, and in the speeches, addresses and articles of those opposed to it, such as R.J.Deachman, M.P., as set out in the pamphlet published by the Kamsack Board of Trade, which has been circulated very freely; the addresses of Mr.Fairweather, of the Canadian National Railways; Senator Murdock, who in a brilliant peroration in a speech made in the House of Commons, submitted some 26 arguments against railway amalgamation, which briefly, are set out as follows:

(1) Amalgamation has already been fully considered and rejected; (2) the group advocating amalgamation are motivated by self-interest; (3) the real problem is that of national finance, not railways; (4) the problem of fixed charges would not be solved by amalgamation; (5) efficiency would be lessened by the removal of competition; (6) possible economies are greatly exaggerated by the amalgamationists; (7) estimates made several years ago no longer apply; (8) hypothetical figures of saving are misleading; (9) ten years would be required for physical amalgamation, and by that time the financial situation of the country might be totally different; (10) the C.P.R. would gain far more than the country; (11) contemplated economies would cause drastic injury to workers and private investors; (12) track abandonment is not feasible; (13) economic disturbance through labor displacement would be shocking; (14) monopoly would be in the saddle; (15) bureaucracy of the Board of Railway Commissioners would be encouraged; (16) other forms of transportation do not constitute effective competition; (17) labor troubles would be inevitable; (18) bureaucracy of railway unions would be encouraged; (19) efficient administration of the proposed mammoth monopoly would be doubtful; (20) monopoly would induce administrative stagnation; (21) the C.P.R. would pay dividends at the expense of the country; (22) comparisons of C.N.R. and C.P.R.earnings during the past ten years are not a fair test; (23) prospective earning capacity of the C.N.R. has not been fairly stated; (24) amalgamation would drag railways into politics worse than ever; (25) the present is no time for lavish-scale amalgamation experiments; and (26) amalgamation would be virtually irrevocable."

The Hon.Mr.Bowman has on other occasions, as well as this, argued the case very effectively against unification, as is shown by the published record of his addresses. There is also a very effective article on the railway situation on the editorial page of the Free Press, of May 26th, and assuming that most of you will have carefully read this article I refrain from quoting, but call your attention to it as very clearly setting forth the argument against so-called unification.

I have already mentioned that the Town of Dauphin owes much of its progress and development to the Canadian National Railways, and perhaps the greatest progress was made here in the early years when Dauphin was a very important divisional point on the Canadian Northern Railway. The effect of a previous amalgamation, however much might have been said for it at the time, affected the railroad business here very adversely, and quite naturally the Dauphin people are very much concerned over the situation, and quite apprehensive of the effect of a further amalgamation, such as would be the case if Sir Edward Beatty's unification plan was carried through.

It might be said, however, that we need not be disturbed in this respect, as the plan would have no effect on this part of the railroad system. Assuming such to be the case, and that the local interests would not be affected, - which I very much doubt, - there is the question of the employees standing and rights which would inevitably be affected. I still take the position that, from the larger national point of view, nothing has been shown to conclusively prove that such unification would be in the best interests of the country as a whole, and I think the reasoning set forth in the arguments I have quoted show that it would not solve the railway problem, but would in all likelihood aggravate the difficulties.

One cannot but realize that the scheme is the product of the C.P.R. It was proposed and advocated by their own spokesmen, and after the most intensive propaganda, they are now desperately urging it, and it must be admitted that this unification plan involves the definite acceptance of the principle of monopoly in railway transportation. I am entirely opposed to any such monopoly, and believe

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L 119925



that such would be contrary to the best interests of the country, and that without any competition the public would be at the mercy of a monopoly, controlled by an institution whose past record, in the days and times when they were able to exercise a monopoly, is not such as to warrant the public having any confidence in placing so much power in their hands now. Should this occur, the profit motive would be the first principle under which they would operate, and this, monopoly, as all other private monopolies, would almost sure to become corrupt. If monopoly is necessary, the only kind that ought to be considered would be a State monopoly, subject to the control and the will of the people.

I trust that the protest of this meeting against the proposed plan of unification will be effective in helping to prevent the present unification plan being put into effect. It seems to me a solution of the problem is in a different conception, a wider vision, and greater development of this vast country, which, although in some respects it may have developed too much along certain lines, - with all its boundless possibilities, is yet capable of such progress as will enable it to take care of all that has been so laboriously built up, and even though we have lost something, and had to make some sacrifices as a result of the too optomistic vision of past years, there is yet hope in the exercise of the spirit of the Canadian people, to develop resources capable of sustaining a population of five to ten times greater than of the present.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119926

Railways

MEMORANDUM

On October 24th 1935 I wrote to the Honourable C. D. Howe, the new Minister of Railways, congratulating him on his appointment, and adding that "when it is convenient for you I shall be glad to meet any arrangement for an interview which you may make". I received a reply dated October 26th 1935 suggesting an interview for the 31st.

On October 24th I left for Winnipeg and returned on the morning of the 29th. On reaching the office I was informed by Mr. Hungerford that he had been sent for by Mr. Howe and had discussed railway matter with him for three hours on Sunday, October 27th, at Ottawa. When I saw Mr. Howe he apologized to me for sending for Hungerford, but by way of explanation said that someone had suggested it to him, and besides Hungerford was an old friend.

After a short discussion of railway matters generally, he made the suggestion to me that the Trustees should resign. I asked him if he had any criticism to make of my administration. He said that he had none, but that the morale of the men on the Canadian National Railways was very bad indeed, owing mainly to the fact that I was not a railway man. I pointed out to him that neither the Chairman of the Canadian Pacific Railway nor of any of the English railways was a practical railway man, but he appeared to be so convinced with his morale argument that I saw further discussion on the subject was useless. He then told me that he intended to put Hungerford in as Chairman, and appoint a young man as operating officer. I reminded him that from 1923 until 1933 the railway was in the sole charge of railway men, and that if he again left the management solely to railway men the conditions of 1930 would speedily return.

When I first took over my present position, I was anxious to discover the manner in which the business of the Canadian National Railways had been conducted from 1923 up to the end of 1933, and, with this end in view, I read over the minutes of meetings of Directors, Finance Committee, etc., covering this period. These minutes clearly demonstrate that from 1923 up to the end of 1930 the Directors were simply rubber stamps, and did nothing but register the decisions of the railway management. During all this period no single instance can be found where the Directors differed in opinion as to the wisdom of accepting the propositions laid before them by the railway management, and it is certain if they ever did so there is no record of it in the minutes. During the greater part of 1931 there is very little evidence that the new Directors exercised any greater control than their predecessors, but after that they began to show evidence of real control.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

In order to convey some understanding of the manner in which the business of a railway is conducted, it must be explained that the work is distributed amongst numerous departments. There is the Operating Department, which is directly responsible for the operation of the trains, and the construction and maintenance of the roadbed and equipment. Allied to this department are the Traffic, Purchasing and Stores, Personnel, Express, Telegraph, Sleeping, Dining and Parlor Car, and Investigation Departments, all closely associated in the direct operation of the railway. Besides the above there are certain what may be called non-operating departments, namely, Secretary, Legal, Finance and Accounting, Publicity, Medical, Hotels, Land and Property (other than railway right of way), and Agriculture and Colonization. There are also a large number of subsidiary companies, some of which are in active operation and others which are inactive or non-operating.

Section 10 of "The Canadian National-Canadian Pacific Act, 1933" requires the Trustees to appoint, "on terms to be fixed by them, and with the titular rank of President, a person other than one of themselves to execute and perform, under and in consultation with them, the powers, authorities and duties of chief operating officer of National Railways, as such powers, authorities and duties shall be from time to time defined by by-law or resolution of the Trustees and committed for execution and performance". In pursuance of this section, Mr. Hungerford was appointed on the 31st day of January 1934. By-law No. 21, which defined his powers, authorities and duties, reads as follows:

"BE IT ENACTED by the Trustees as follows:-

"It shall be the function of the President to execute and perform, under and in consultation with the Trustees, the powers, authorities and duties of chief operating officer of National Railways and, without restricting the foregoing generality, to be the officer in charge of and directly responsible to the Trustees for:-

A. The maintenance, renewal and construction of all roadbeds stations, signals, telegraph wires and equipment, bridges, ferries, rolling and stationary stock, motive and engineering equipment and property used by the National Railways, or in which they have any interest, for the purpose of transportation and communication.

B. The management, regulation, initiation, continuance, utilization and suspension of all transportation and communication services, including, for example, the fixing of time schedules and conditions in connection therewith.

C. The engaging and continuing in and discharging from employment the personnel required for such purposes, or any of them, and the fixing of the terms and conditions of such employment, all salaries to be approved by the Chairman of the Trustees. This authority, however, is not to cover the appointment of Vice-Presidents, General Managers, Secretary, Treasurer, European Agent, European Secretary-Treasurer, or Heads of Departments.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

"The President shall similarly execute and perform such duties and directions as may from time to time be given him by the Trustees.

"The President shall be the senior ranking officer of National Railways, and for the purpose of co-ordinating services and supplying information and advice to the Trustees shall have general supervision of all officers and of all activities of the National Railways.

"PASSED by the Trustees this 31st day of January, 1934, and sealed with the Company's seal."

The question then arose as to who should be responsible for the conduct of the non-operating departments of the railway, and the non-operating subsidiary companies. No one questions the fact that operating the Canadian National Railways is a full-time man's job. After giving the matter very careful consideration, the Trustees decided that these other departments should report to the Chairman. On the 4th day of March 1934 the decision of the Trustees was made known to Mr. Hungerford. At first he demurred. He thought that we were taking away from him some of his authority as President. After discussing the matter at some length he acquiesced, and later brought the Chairman a list of the departments which he thought the Chairman should take over. These are the departments which I have described above as the non-operating departments.

From my experience with the organization during the first two months of my chairmanship, I had become convinced that the management proposed to treat me exactly as they had treated the Directors, that is, to give me as little information about the affairs of the railway as possible. Moreover, Mr. Hungerford had been overworked and was not in good health, and I felt that in taking over these non-operating functions I would relieve him of a good deal of work and permit him to give his whole attention to the operation of the road. Apart from all this, there appears to be no alternative under the wording of the Act itself which required the Trustees to appoint a person to execute and perform the powers, authorities and duties of an operating officer. Clearly it is no part of the duties of an operating officer to look after non-operating departments. While I am well aware that a small group of officers at headquarters deeply resented my taking over these departments, I have never regretted having done so, and am able to demonstrate that these departments have been handled successfully.

The first department to which I gave attention was the Hotel and Dining Car Department, which had for many years been in charge of Mr. Walter Pratt. The hotels had been in the red ever since 1923. From 1923 up to the end of 1933 the average operating loss was $214,986, and the total operating

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

loss $2,364,853. In the year 1933 the operating loss was $176,000. I felt there was something radically wrong with the management, and that changes should be made. Mr. Pratt was asked to resign, the Hotels and Dining Car Department were separated, and the hotels placed in charge of Mr. J. Van Wyck with headquarters at the Chateau Laurier. Mr. Van Wyck had been Assistant General Manager of the hotels under Mr. Pratt. That the two departments were overstaffed is demonstrated by the fact that a number of positions were abolished, and an annual saving of $75,000 was effected.

In the first year of operations Mr. Van Wyck had an operating profit of $37,000, and for the first time since the Canadian National Railways was formed the hotels were in the black. This year (1935) the operating income of the hotels is $101,770. The financial results of the change in the hotel management demonstrate that the move was a wise one.

The Dining Car Department was placed in charge of Mr. W. W. Swinden, who reports to Mr. Hungerford. Even in this department the change of management has made a great improvement financially. There are two branches to this department: Sleeping & Parlor Car Services, and Dining, Cafe & Buffet Car Service. The former always shows a profit, the latter a loss. In the latter service our operating deficit last year was $259,824.61, which is the lowest for the past twelve years, as will be seen from the following comparative figures:

| | | | |
|---|---|---|---|
| 1924 | - | $ 581,350.22 | Loss |
| 1925 | - | 502,598.32 | " |
| 1926 | - | 522,242.58 | " |
| 1927 | - | 715,688.65 | " |
| 1928 | - | 759,769.16 | " |
| 1929 | - | 833,829.19 | " |
| 1930 | - | 892,154.19 | " |
| 1931 | - | 584,890.25 | " |
| 1932 | - | 341,372.65 | " |
| 1933 | - | 285,748.61 | " |
| 1934 | - | 281,543.45 | " |
| 1935 | - | 259,824.61 | " |

It will be noted that we were able to reduce our deficit for 1935 as compared with 1934, notwithstanding the fact that we had to take care of an additional $23,000 due to restoration of 5% wage reductions. In the Sleeping and Parlor Car services the profit for 1935 was $478,658.61, as compared with $350,378.19 for 1933, or an increase of $128,280.42.

Another of the departments taken over by the Chairman was the Steamships. Everyone knows of the tremendous losses which have been made in the operation of the Canadian Government Merchant Marine and the Canadian National (West Indies) Steamships. The income statement of the Canadian Government

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Merchant Marine from 1923 is as follows:

| | Operating profit or loss |
|---|---|
| 1923 | $ 1,073,086 |
| 1924 | 1,450,889 |
| 1925 | 926,844 |
| 1926 | 90,180 |
| 1927 | 720,735 |
| 1928 | 1,208,088 |
| 1929 | 878,907 |
| 1930 | 854,211 |
| 1931 | 444,286 |
| 1932 | 326,615 |
| 1933 | 17,959 |
| 1934 | 127,286 |
| 1935 | 511,822 |

The West Indies service was begun in 1929. The operating results for the years 1929 to 1935, inclusive, are as follows:

| | | |
|---|---|---|
| 1929 | $ 447,941 - | Operating loss |
| 1930 | 523,157 - | " " |
| 1931 | 446,588 - | " " |
| 1932 | 283,716 - | " " |
| 1933 | 497,997 - | " " |
| 1934 | 98,679 - | " " |
| 1935 | 200,050 - | Operating profit available for bond interest |

In the spring of 1935 a change was made in the management of the Steamships. Mr. Allan, who had been General Manager since May 1931, was retired and Captain Tedford was appointed. Tedford had been General Marine Superintendent since the C. G. M. M. commenced operations. That this change was in the interests of the Steamships is evidenced by the fact that whereas we had an operating deficit of $223,945 in the year 1934, we have an operating profit of $511,852 in the year 1935.

In the face of the results obtained in the Hotels and Steamships during the years 1934 and 1935, it can be scarcely contended that the handling of these departments by the Chairman has not been successful. It is conceded the Hotels and Steamships are not strictly described as non-operating, but the thought was that they are not an integral part of rail operations.

Another matter about which I understand criticism has been levelled at the Chairman is the making of a survey of the departments in 1934. Early in 1934 Mr. Morrow strongly urged that we should have a complete survey of all the departments of the railway. He wanted Clarkson, Gordon, Dillworth, Guilfoyle & Nash, auditors in Toronto, to be employed and given full authority to survey all the departments. Messrs. Clarkson & Company actually arrived in Montreal, and spent several days conferring with our officers and looking over the departments. I asked them to put in writing what they proposed to do if

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

employed. They did so, and it is as follows:

"MONTREAL - 19th January 1954.

"As arranged at our recent interview with yourself and the other members of the Board of Trustees of the Canadian National Railway Company, we have made a short preliminary examination in order to advise you as to the form which, in our opinion, a survey of the business and affairs of the Canadian National Railway System would take, to enable the Trustees to be informed of the position of the undertakings and the kind and character of the assets combined in them, and also whether, in the administration of such assets, economies can be effected, efficiency improved and expenses be eliminated or reduced.

"It is our opinion that such a survey would require and include -

(a) An investigation of the investments in the several undertakings combined in the System which include those of -

Canadian National Railway (formerly Grand Trunk Railway)
Canadian Northern Railway
Grand Trunk Pacific Railway
Grand Trunk Western Railroad
Canadian Government Railways
Central Vermont Railway
Canadian National Telegraphs
Canadian National Express
Hotels, Steamships and numerous other undertakings, which are included in the Balance Sheet of the System at $2,136,895,346.00 as of date 31st December 1932, in addition to which there are about $100,000,000.00 investments in other companies and physical properties which are scheduled separately in the Balance Sheet of the System. Such inquiry, in our opinion, is necessary in order that the Trustees may be informed as to the amount, character and the different kinds of assets which are under their control, and to what extents, if any, values attributed thereto include Deferred Maintenance, abandoned or inactive assets, and/or items the values of which have been written up.

(b) An inquiry into the status of approximately 125, or more, subsidiary companies in order to determine whether it is necessary to maintain and operate such companies as separate entities, or whether it is possible to merge their undertakings with those of their parent companies so as to simplify operation and so save labor and expense.

(c) An inquiry into approximately $100,000,000.00 of Working, Deferred and other assets in order to determine the composition, character and value of the same.

(d) An inquiry into the liability of the various companies in respect to pensions to employees and Workmen's Compensation charges, in order to determine the accrued liability in respect thereof, and the effect that such charges would have upon future operating results.

(d) An inquiry into the Deferred Maintenance Charges on properties and equipment to determine, if possible, the extent of the same, which, unless disposed of will affect operating results in future years.

(f) An inquiry into the methods of administration generally, to determine the efficiency of the same, and also whether economies can be effected and expenses be reduced or eliminated.

"The above is a short general statement of what we consider should be the scope of a survey of the business and affairs of the Canadian National Railway System."

Messrs. Clarkson & Company admitted to me that the work would take six months, although in my opinion it would take much longer. Already a very large amount of money - some $372,000 - had been paid by the Canadian National Railways to one Gaston for preparing material in connection with a proposed

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

revision of the capital structure, and our Accounting Department had the fullest possible data in connection with the matter. I felt it would be a pure waste of money to have these men go further into the question of the capital structure. On the question of a survey of the wide character suggested, I felt that this would have a most damaging effect on the morale of the organization, which was at the time at a very low ebb. As a compromise the Chairman decided to make a personal survey of the several departments. At a dinner attended by the headquarters officers the Chairman explained his reasons for declining to bring in outside surveyors, but announced his intention of making a survey himself. The reasons given by the Chairman for such a survey were that it would make him familiar with the workings of the several departments, and would place him in a position to know definitely whether they were being conducted in an economical and efficient manner.

Following upon this announcement, the Chairman organized a small staff, and during the year 1934, with the assistance of the departmental heads, reports were made on all the departments. The Operating Department made its own report. As a result of this survey an annual saving of $760,000 was effected, exclusive of the Operating Department. Many of the departments were found to be overstaffed, and in other respects were not being conducted on an economical basis. The Insurance Department is a striking example. This department was being conducted as if it were an outside independent insurance company dealing at arms length with the railway. Ten inspectors were employed. When a fire occurred proofs of loss were filed, losses were adjusted, and generally the procedure usually followed by independent insurance companies was adopted. As the company has its own insurance fund out of which losses are paid, all this procedure expense was obviously unnecessary. Reports on the departments surveyed were prepared, and from time to time submitted to the Trustees, but the Chairman himself must take the responsibility for the reductions of staff and other changes, since, with the single exception of the Publicity Department, neither of the other Trustees at any time offered any suggestions or assistance. The economies effected in the several departments are the following:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

| Department | Approximate Annual Cash Saving |
|---|---|
| Sleeping, Dining and Parlor Car | $ 54,495.96 |
| Hotel | 20,559.50 |
| Canadian National Steamships (C.G.M.M. and West Indies) | 35,250.84 |
| Publicity | 37,813.52 |
| Investigation | 55,802.40 |
| Tie and Timber | - |
| Medical | 40,954.25 |
| Treasury | 19,157.00 |
| Fuel | 11,403.00 |
| European Traffic Organization | 48,047.78 |
| Purchasing | 8,311.44 |
| Pass Bureau | - |
| Legal (including Tax, Claims and Agreements) | 12,167.70 |
| Accounting | 109,980.36 |
| Industrial and Natural Resources | 7,814.50 |
| Insurance | 28,135.00 |
| Pension and Staff Record | - |
| Office Services | - |
| Traffic | 108,261.30 |
| Bureau of Statistics | - |
| Secretary's | - |
| Colonization and Agriculture | 22,872.83 |
| Telegraphs | 12,318.00 |
| Stores | 84,565.45 |
| Express | - |
| Miscellaneous | 63,560.67 |
| Total - | $ 781,471.50 |

Mr. Howe, the new Minister of Railways, made a speech in Toronto on December 7th 1935. His speech is reported in the January 1936 issue of the "Canadian Railway and Marine World" at Page 5. At Page 6 he is reported as follows:

> "It is recognized that only trained and experienced railway men should be in charge of such operations, but, in the larger sphere of direction and control of management and policies, it has been only too evident in recent years that the interests of the Canadian National have suffered by the arrangement under which the late Government delegated its responsibilities. It will be the duty of the present Government, in the public interest, to seek some more suitable and satisfactory system of direction and control of our great railway investment."

These are serious charges, but of a most general nature. No wonder the "Toronto Globe", in its editorial columns on the 10th day of December 1935, says:

> "The charge - and it may fairly be called such - that the absolute form of control imposed in a Board of Trustees has operated to the injury of the publicly owned system is one on which the people, without question, would like to be informed fully, as they have a right to be."

It would be interesting to know what Mr. Howe intends to charge by the use of this language. After giving the subject careful study, I can only conclude that Mr. Howe has two points in mind:

(1) - The Chairman's administration of certain departments.

(2) - The survey of the departments which I conducted.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I may say that a day or two after this speech was made I asked Mr. Hungerford if he knew of any policies adopted by the Trustees which had not his full concurrence and support. His answer was that all he could think of was the 1934 survey.

It would look as if the Chairman is between the devil and the deep blue sea. He is abused if he fails to effect economies, and is abused if he makes economies. I am satisfied to leave it to the people of Canada to say whether reductions in staff brought about by the survey and the saving to the railway of an annual sum of $780,000 was detrimental to the Canadian National Railways. I informed the Select Standing Committee of the House of Commons as to these departmental surveys in my statement to the Committee June 6th 1934. The matter was also referred to in the Trustees Annual Report dated March 12th 1935, but no objections were ever made that the proceeding was calculated to injure the railway.

As to the charge that the taking over of certain departments by the Chairman was detrimental to the Canadian National Railways, the financial results of the hotels and Steamships is a complete answer so far as they are concerned. As to the other departments, there is nothing in connection with the conduct of these departments which can be criticized.

As I stated earlier, Mr. Howe informed me that he had nothing to criticize in connection with my work, but that the morale of the road was bad, due chiefly to the fact that I was not a railway man. He intimated that only a railway man could secure the loyalty of the men. This is pure nonsense, and a mere excuse to justify his own conduct in trying to get rid of me. I have no doubt that his own Deputy, who has an ambition to get back on the Board, and certain officials here at headquarters who have axes to grind have preached this into his ear. The fact is that when I took over in January 1934 the morale of the men was low. The number of men employed had been cut in two, wages reduced, salaries of officials slashed and the propaganda for amalgamation of the railways under the management of the Canadian Pacific Railway was in full swing. Under the circumstances it could hardly be expected that morale could be high. To meet this situation I held meetings of the officers and men at Toronto, Moncton and Winnipeg, and very frankly discussed with them the whole situation. I broadcasted a message to the men in the April 1934 issue of the Canadian National Magazine. Since then I have visited the whole system as frequently as time could be spared, and have done what I can to improve the morale. Today the morale of the men is good on all the regions. I have talked to the General Managers of the three regions and they assure me that the claims about morale being bad are

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

absurd and untrue. Moreover, let me say that even if it were true the fault surely does not lie at my door. From the day I assumed the position of Chairman I have never interfered with the practical operation of the road. That part of the work has been handled solely by Mr. Hungerford and his officials. My attention is mainly directed to the general policy of the road; checking leaks, watching expenditures, and generally seeing that the affairs of the railway are being conducted on a business basis.

Referring again to Mr. Howe's speech, he is reported as saying:

> "To those who may think that trustees have improved the management I call attention to the statement contained in the first report of the trustees to the effect that no material saving in operating costs had been made, due to the fact that all possible savings had already been made by the Board of Directors that preceded them."

No such statement is contained in that report. What is said is that -

> "During the year studies have been made in numerous directions in the effort to secure the maximum economy in the operation of all departments. The severe decline in gross revenue had made it imperative that all opportunities for economy be closely examined and re-examined and the drastic curtailment of all expenditures effected prior to 1934 testifies to the vigorous steps taken. Further economies necessarily became difficult to secure, if the efficiency of the service was to be maintained."

The report goes on to say that substantial economies had resulted from the surveys undertaken. (See Annual Report 1934, Page 11). Mr. Howe, if correctly reported, deliberately misrepresented the facts.

Again, he says:

> "The purpose of the trustee form of management was to take the railway out of politics. <u>I wish that this were possible.</u>"

Mr. Howe is evidently of the opinion that the railway cannot be kept free from political interference, despite the fact that since the first day of January 1934 there has been no successful interference by any politician with the affairs of the railway.

He further says:

> "As Minister of Railways I have no desire to interfere with the expert management of the road, nor to allow any member of Parliament to do so. My concern is the reverse, which is, interference by the railway management with the expressed policies of the Government. We cannot escape the fact that the railway is owned by the people of Canada, that taxes collected from the people of Canada pay its deficits, and that the prosperity of every citizen in thousands of communities from coast to coast can be affected by its managerial policies. Mine is a railway riding, and the trustees have it within their power to destroy my political future."

There had been some consideration given to the question of consolidating the two railway companies' forces at Fort William and Port Arthur with a view to effecting a substantial economy. No doubt Mr. Howe is referring to this, and would oppose any such economy in his or any other Liberal Minister's constituency which might affect the vote in the constituency. All I can say is, if this is the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

policy Mr. Howe proposes to adopt when he gets control of the Canadian National Railways, the people of Canada need look for no economies in the future.

In his Toronto speech Mr. Howe said:

> "The 1933 legislation which abolished the board of directors and substituted the trustee form of direction and control went further. It removed control of this directing agency from the hands of the Government and placed it in the hands of parliament -- jointly in the two houses of parliament, the Commons and the Senate, though the latter might not be in any sense representative of public opinion as expressed in the election of the representative chamber."

Mr. Howe complains that the Government has not control of the Trustees as he alleges it had of the directors. Mr. King always maintained that he deliberately refrained from interference with the directors in the management of the road. Mr. Howe wants to go further than Mr. King and control the Trustees. Had Mr. Howe made no attempt to purchase the resignations of the Trustees one perhaps might believe that his demand for a change in the Act was made in good faith. His attempt to summarily get rid of the Trustees shows that his anxiety is to remove the present Trustees and replace them with men that he can control.

The Speech from The Throne says that legislation will be sought "which will serve to afford a greater measure of governmental authority and responsibility to parliament". The greater measure of Government authority desired is the power to dismiss by order-in-council. Now what are the reasons Mr. Howe gives for desiring this power? -

1. - He will not be a rubber stamp.

2. - He fears "interference by the railway management with the expressed policies of the Government."

3. - The policies of the Trustees might destroy his political future.

I have already dealt with the latter reason, but might add that the "Toronto Star" pointed out in an editorial that the future prosperity of Canada is far more important than Mr. Howe's political career.

As to the second reason, "Interference by the railway management with the expressed policies of the Government" - it can be said that up to the present time nothing of the kind has ever happened. The Trustees have at all times shown themselves ready to co-operate with the Government in all matters which concerned the welfare of Canada. For example, last year when the Government with the view of helping the heavy industries proposed to purchase rolling stock the Trustees co-operated. Only within the last few weeks the Trustees have arranged to assist the Government in connection with the relief of unemployment by providing work for some 5,000 unemployed.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Again, Mr. Howe said:

> "It (the Government) must also accept with as good grace as possible, all criticism concerning sins of commission or of omission on the part of the railway management and the Trustee Board."

Under the present Trustee Board the task has not been a difficult one, since there has been no criticism. From the beginning to the end of the Dominion election campaign not a single word of criticism of the C. N.R. management was heard. Moreover, it may be pointed out that criticism can be directed at the management alone so long as the Government refrains from interference.

If the business of the railway is to be carried on upon a sound and economical business basis two things are essential:

1. - Continuity of management.

2. - An independent controlling head who is in daily touch with the affairs of the road.

That continuity of management, in so far as that is possible, is not only in the interests of the company, but essential to its success, will be readily admitted. That a controlling head independent of the Government is necessary to protect the railway from the pressure of politicians will be admitted by any one who knows the history of the railway between 1923 and 1930. The man in control should represent the proprietors and should not be a railway man already associated with the company.

At my first interview with Mr. Howe he informed me that he intended to make Mr. Hungerford Chairman of the Board. Without detracting in any way from Mr. Hungerford's reputation as an operating man, it is safe to say that in such a position he would do exactly as he was told by Mr. Howe. Moreover, Mr. Hungerford was as operating officer largely responsible for all the extravagance of the old regime. The great bulk of the expenditures on capital account between 1923 and 1930 was made on his recommendation. While it must be admitted that part of this expenditure was necessary to rehabilitate the road, there was a great deal of it which has brought in no useful return and should never have been made.

Reviewing the whole situation, I am unable to arrive at any other conclusion than that the real purpose of the proposed legislation is to bring the railway back into the position it was before 1930, but even more under political control. The employees of the railway are almost to a man opposed to any change that will have this effect.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Notwithstanding the poor opinion concerning the morale of the Canadian National employees held by Mr. Howe, the financial position of the railway has been materially improved since the Trustees took over. -

The cash deficit of the railway in 1933 was $58,950,000. In 1934 it was $48,400,000, and in 1935 $47,421,000. That is to say, compared with the year immediately preceding my taking office, the amount of cash which the Government had to find to operate the railway was reduced in the first year by $10,550,000, and in the second year by $11,529,000, a total reduction in the amounts to be provided of $22,079,000. The additional gross revenue over 1933 was $16,380,000 in 1934, and $24,665,000 in 1935, or a total of $41,045,000 for the two years combined, out of which we saved $22,079,000 or over 50%. We did this notwithstanding increased wage rates and increased price of fuel, etc., which, while they add to our operating expenses, are not occasioned by the movement of the additional traffic.

In hotel operations a loss of $176,000 in 1933 was converted into a profit of $101,000 in 1935.

The results from our steamship services also show a very great improvement. The amount of money which the Government had to find in 1933 for the operation of the combined Canadian Government Merchant Marine and West Indies services was $986,000. In 1935 there will be a small profit after paying interest on the bonds of the West Indies Company, indicating an improvement of $1,000,000 since the administration was turned over to us. When you realize that from the time the West Indies service started, to the end of 1933, the Government had to provide an average of $1,400,000 a year to run these services, and that in 1935 we had a small profit, you will appreciate the change which has taken place during our administration.

Montreal, Quebec,
March 31st, 1936.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

"It is common knowledge that the three Trustees have made no real progress toward the improvement of our railway situation".

Additional Revenue received in 1934 and 1935 over 1933, and the Resulting Decrease in the Cash Deficit of the Railway

| | | | |
|---|---|---|---|
| Revenue | 1934 | $ 164,902,501 | |
| | 1933 | 148,519,742 | |
| | Increase - | | $ 16,382,759 |
| | 1935 | $ 173,184,501 | |
| | 1933 | 148,519,742 | |
| | Increase - | | 24,664,759 |
| | Total additional revenue in the two years - | | $ 41,047,518 |
| Cash Deficit | 1934 | $ 48,407,900 | |
| | 1933 | 58,955,388 | |
| | Decrease - | | $ 10,547,488 |
| | 1935 | $ 47,421,464 | |
| | 1933 | 58,955,388 | |
| | Decrease - | | 11,533,924 |
| | Total decrease in cash demands on the Government - | | $ 22,081,412 |

The above shows that out of the additional revenue over 1933 received during the two years of Trustee administration 54% was available to reduce the cash deficit of the Railway.

COMPARISON WITH C. P. R. AND CLASS 1 ROADS

| | C.N.R. | C.P.R. | Class 1 Roads |
|---|---|---|---|
| 1934 over 1933 | | Increase per cent | |
| Operating revenues | 11.00 | 9.9 | 5.7 |
| Operating expenses | 6.39 | 6.7 | 8.5 |
| 1935 over 1934 | | | |
| Operating revenues | 5.02 | 3.3 | 5.5 |
| Operating expenses | 4.6 | 6.1 | 6.3 |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C. N. R. AND C. P. R.

| | | Gross Revenue | Net Revenue | |
|---|---|---|---|---|
| C. N. R. | 1933 | $ 148,519,742 | $ 5,707,183 | |
| | 1935 | 173,184,501 | 14,258,253 | |
| | | $ 24,664,759 | $ 8,551,070 | 35% |
| C. P. R. | 1933 | $ 114,269,688 | $19,423,294 | |
| | 1935 | 129,678,904 | 22,397,524 | |
| | | $ 15,409,216 | $ 2,974,230 | 19% |

The proportion of the additional revenue not absorbed by increased operating expenses was 35% for the C. N. R. and 19% for the C. P. R.

The operating ratio of the C. P. R. (excluding taxes) in 1935 was 79.56 as compared with 79.38 in 1933.

The operating ratio of the C. N. R. in 1935 was 91.77 as compared with 96.16 in 1933.

- - - - - - - - - - - - -

"They had failed to achieve any substantial co-operative economies, and from their own published statements the prospects for future results along this line were not bright."

Maintenance expenditures and train and car mileage have been drastically reduced -

| | 1930 | 1935 | Reduction | (x)Economies by unification under Beatty plan |
|---|---|---|---|---|
| Maintenance of Way | $47,962,357 | $34,420,886 | $13,541,471 | $14,888,622 |
| Maintenance of Equipment | $49,367,985 | $34,393,565 | $14,974,420 | $14,360,414 |
| Passenger train miles | 27,644,208 | 18,638,871 | 9,025,337 | 7,574,454 |
| Passenger car miles | 189,917,995 | 135,769,334 | 54,148,661 | 51,793,173 |
| Freight train miles | 31,479,057 | 25,585,706 | 5,893,351 | 5,301,323 |
| Freight car miles | 1,189,349,538 | 948,220,174 | 241,129,364 | 67,157,402 |

(x) - These are combined for the railways -
C. P. R.
C. N. R.
N. A. R.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Co-operative economy is a most difficult process when maintenance, expenditures, and train and car mileage have been so drastically reduced.

Co-operation between two competing roads is most difficult to achieve. Our report shows what we have been attempting, and what has been done.

In 1933 the Emergency Transportation Act was passed in the United States, the general purpose of which is similar to that of the Canadian National-Canadian Pacific Act. Mr. Eastman was appointed Co-ordinator. He surrounded himself with a huge staff, but up to the present no definite co-ordination measures have been achieved.

In a statement issued on August 5th 1935 he said: "Based on their research the staff of the Co-ordinator have made many recommendations for improvement covering a very wide field. Even if there were general agreement on their soundness and practicability, it would take a long time to carry all of their recommendations into effect".

At least this can be said, that we have gone as far in co-ordination as has the Canadian Pacific, and we have heard no criticism of their failure to make progress.

Again, it must be understood that studies in railway co-ordination are matters of a very technical character which can only be conducted by practical, skilled railway men. From January 1934 all essential technical committees have been established whose duty it was to study projects for the co-ordination of facilities, and to recommend them to the Executives of the two companies. These committees have been under the general direction and control of Mr. Hungerford.

- - - - - - - - - - - - - - -

<u>"Neither had they been able to secure any considerable reduction in the railway's operating costs."</u>

Has anybody ever heard of a railway decreasing its operating costs with expanding traffic? The operating costs necessarily increase and the criterion of good management is to keep that increase as low as possible. Comparing 1935 with 1933, the Canadian National operating

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

expenses absorbed 65% of the additional gross revenue, whereas the Canadian Pacific operating expenses absorbed 81% of the additional gross revenue. Also note that in 1934 our operating expenses increased 6.39% as compared with an increase of 6.7% for the Canadian Pacific, and 8.5% for Class 1 Roads, notwithstanding that our additional revenue increased 11% as compared with 9.9% for the Canadian Pacific and 5.7% for Class 1 Roads.

Again, in 1935 our expenses increased 4.6% as compared with 6.1% for the Canadian Pacific and 6.3% for Class 1 Roads, although our gross revenue increased 5.02% as compared with 3.3% for the Canadian Pacific and 5.5% for Class 1 Roads.

Further, we reduced our operating ratio from 96.16 in 1933 to 91.77 in 1935, and the Canadian Pacific showed a slight increase.

Again, on a survey made by the Chairman a permanent annual saving of over $700,000 was effected.

The following are the financial results of the departments which have been reporting to the Chairman -

CANADIAN GOVERNMENT MERCHANT MARINE

| | Revenues | Expenses | Net Cash Requirements |
|---|---|---|---|
| 1933 | $2,229,897 | $2,247,835 | $ 17,938 Loss |
| 1934 | 2,302,559 | 2,429,825 | 127,266 Loss |
| 1935 | 2,764,549 | 2,452,727 | 311,822 Profit |

1935 improvement over 1933 - $329,760

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS

| | Revenues | Expenses | Bond Interest | Net Cash Requirements |
|---|---|---|---|---|
| 1933 | $2,956,975 | $3,454,972 | $470,000 | $ 967,997 Loss |
| 1934 | 3,509,738 | 3,606,416 | 470,000 | 566,678 Loss |
| 1935 | 3,816,245 | 3,616,214 | 470,000 | 269,969 Loss |

1935 improvement over 1933 - $698,028

Combined improvement of both services - $1,027,788

HOTELS

| | Revenues | Expenses and Taxes | Net |
|---|---|---|---|
| 1933 | $1,797,188 | $1,973,771 | $ 176,583 Loss |
| 1934 | 2,126,959 | 2,089,942 | 37,017 Profit |
| 1935 | 2,389,895 | 2,288,124 | 101,771 Profit |

1935 improvement over 1933 - $278,354

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119943



EXPENSES OF OTHER DEPARTMENTS REPORTING TO THE CHAIRMAN -

| | 1933 | 1935 | Decrease |
|---|---|---|---|
| Secretary | $ 144,190 | $ 134,583 | $ 9,607 |
| Colonization | 167,401 | 132,562 | 34,839 |
| Publicity | 743,829 | 681,601 | 62,228 |
| Medical | 196,598 | 144,627 | 51,971 |
| Legal | 572,887 | 535,458 | 37,429 |
| Finance | 3,764,481 | 3,595,719 | 168,762 |
| | $5,589,386 | $5,224,550 | $364,836 |

- - - - - - - - - - - - - - - -

"The internal situation in the management of the road was no better. Everywhere Canadian National employees regarded the Trustee method of direction with 'distrust and suspicion'."

When the Trustees took charge in January 1934 the morale of the road was admittedly bad. This was due to the fact that wages had been reduced, salaries slashed, men laid off and the whole organization placed under suspicion. Moreover, the campaign for amalgamation was in full swing, and the purpose behind the new form of administration was suspect. I did what I could to restore the morale of the men, which today I believe is far better than it was. It is easy to make charges: it is another thing to prove them. I would like the Minister to state what evidence he has to support his statement. Moreover, a little consideration will show that the morale of the men depends almost entirely on those in direct charge of the men. I may say that I have been informed by all three regional managers that the morale of our men at the present time is good.

- - - - - - - - - - - - - - - -

"The Trustees themselves had confided to the Minister that the present system was not good."

I cannot speak for the other Trustees, but I can say that I personally have never made any such statement, either to the Minister or any one else.

- - - - - - - - - - - - - - - -

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

"Two years have passed since the Trustee method became operative and no one would argue that any more had been accomplished than had there been a board of directors instead."

My only answer is that no one can say definitely what such a board of directors might have done or left undone. The real object that the Royal Commission had in view was the removal of the railway from the influence of improper political and community pressure. I can say with confidence that under the management of the Trustees this purpose has been accomplished. That this has been beneficial to the railway no one can deny.

- - - - - - - - - - - - - - -

With regard to the Minister's criticism of the Trustees' annual reports as being too lengthy, I can only say that our endeavour was to give the public the fullest possible details concerning the affairs of the road, and particularly concerning co-operation between the two railways, which is a matter to which great importance is attached.

Montreal, Que.,
April 29th 1936.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119945

CANADA

The Debates of the Senate

OFFICIAL REPORT

# REMOVAL OF TRUSTEES

## NATIONAL RAILWAYS RESPONSIBLE TO PARLIAMENT OR GOVERNMENT

### Speech by the Rt. Hon. Arthur Meighen in the Senate, June 19, 1936

Right Hon. ARTHUR MEIGHEN: Honourable senators, I had hoped that the motion for third reading might be deferred for another day. In the intense rush upon us in these closing hours, with a long succession of Bills requiring as thorough study as can be given to them, I have not been able to collect and arrange in order, as I should have liked, such material as would have enabled me to discuss briefly, and at the same time not ineffectively, this proposed measure.

Possibly point will be best given to what I have to say by telling the House in the very first breath where I stand in relation to this Bill. I am opposed to it. I think it is deplorable that the Government should have seen fit to introduce such a measure as expressive of its policy on a matter so vital, indeed a matter that goes to the very fate and destiny of our financial and industrial well-being. I am not only opposed to the Bill, but I am prepared to see the Bill defeated, and to take all consequences, if by any act of mine I could bring about its defeat. I say that with no reflection on the bona fides and intent of those who reason otherwise. I have for a great many years lived with this railway situation certainly as closely as any other honourable senator, and I can assure the House I have not come to this conclusion hastily, nor in any spirit of hostility to the Administration. I am amazed that such a course as this should have been decided upon, almost under the echo of the result of an election, and announced to the public without even such time for seemly consideration as would appear to me to be all-important in a step so far-reaching.



What is the history of our railway problem? It must be stated hurriedly and imperfectly. We were a young country and the means of locomotion and carriage were essentially by rail. At very considerable national expense and risk we engaged in the construction, first, of one railway system in the East, then of another from coast to coast, and subsequently, commencing in the late nineties, we encouraged the construction of a system in Western Canada to serve a vast territory previously unsupplied. In the early part of this century Parliament as then constituted decided in its wisdom, supported by the people of Canada in their wisdom as then developed, that another road should be constructed from coast to coast by means of a complicated system of mortgages and guarantees involving heavy liability on the Dominion. Then Parliament decided to guarantee the obligations, at all events the basic obligations, for a third transcontinental. This decision was reached in the early part of 1911, and early in the session of that year the honour and pledge of this nation were affixed to that stupendous venture.

Hon. Mr. DANDURAND: My right honourable friend says 1911.

Right Hon. Mr. MEIGHEN: I am referring to the Canadian Northern, the third transcontinental line. It was in the last session of the Laurier Administration. I am not now pausing to criticize the judgment of the Parliament of Canada or the Government of that day. Suffice to say that it affixed the signature of this Dominion to very serious obligations in connection with those two systems.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 9946



The only important railway extension made by the succeeding Government was in respect to the Canadian Northern line from Edmonton to the coast; an extension which in my judgment—perhaps I was wrong—was essential for the rounding out of an already almost completed system in so far as the authorization and assistance of Parliament was concerned.

We found ourselves in possession, either as mortgagees or guarantors, but largely as guarantors of the obligations of these two systems. In many respects we found ourselves the owners of vast sections of the systems. We were the owners of the Intercolonial, and of the Transcontinental from Moncton to Winnipeg, and by the time the real crisis arrived we were virtually the owners of the Grand Trunk Pacific, too, from Winnipeg to Prince Rupert; for as an independent venture it had completely failed. Then the very first of our railways found itself unable to operate and to take care of its debts. We were guarantors, not of all the debts, but of such portions of them, immense in their aggregate, as to make us in effect guarantors of all; and, being guarantors of the obligations, we were virtually in the position of mortgagees.

From the superior, though not very well informed, criticism of modern writers one would think that the Administration of the time of this crisis, about 1919, had been seized with an ambition to become the proprietor of these tremendous railway systems which were in trouble, and that it had made the vast error of plunging into the centre of their difficulties and placing the whole burden upon the shoulders of the people of Canada. The fact is, the burden was on our shoulders then and could not be honourably removed. It was as direct an obligation as any nation was ever under. We could not escape from it. We could of course continue under the load of liability and let the assets go where they would; but no one at the present time can place himself back in that period and, surveying the circumstances, think for a moment that although the obligations were binding upon us, we could have just let everything be sold under the hammer and have awaited the chaos which would at that time have been very quickly upon us if the then Administration had displayed such an utter lack of foresight and of common sense.

We have been too optimistic in the construction of railways. That is the fundamental cause of our difficulties.

As years went on, a way had to be found of managing what the Government had decided it should take over. I emphasize once more the fact that the decision of Canada to take over the railways was forced upon it; it was not a decision prompted by any ambition to incur the responsibilities of railway management. At that time a plan was devised to incorporate all the railways into a single system, taking their various elements in one by one, or ten by ten, until all should be included in a great Canadian national railway company. This work was completed in 1923. The legislation providing for it and making it inevitable had been passed about one or two years before. The method of procedure was to provide for a board of directors and place the Government of Canada in the position of shareholders of the road, exercising such control as shareholders in a company are entitled to exercise, the spokesman and active instrument of that control being the Minister of Finance. Provision was made also that all capital expenditure was to be controlled by the Governor in Council and provided by vote of Parliament. It was hoped and believed that this method would sufficiently remove actual operation from interference of political influences and give the railway a fair chance to vindicate itself as a business enterprise.

The board then created was headed by Mr. D. B. Hanna, a man who previously had been the general manager of the largest unit in the new system. Towards the end of 1922 the general manager and entire board were removed. I cannot recall that any reasons were given as to why this action was taken. A new board and general manager were appointed. At that stage a nine-year period began. The new general manager was Sir Henry Thornton.

At the end of nine years, or ten, the system was in a rather pitiable plight. It is only fair to remind honourable members that we happened to be then in the dark abysm of a depression, and the road had suffered more perhaps than any other single enterprise in Canada from the effects of that depression. What the road suffered from otherwise I shall not speak of personally. Anything I say on that phase will be said entirely on the faith of authorities much more important and dependable than I. At that point, the system being under liabilities aggregating not far from three billions of money, the losses being terrific, and the cloud formed by railway difficulties being the blackest on the horizon of Canada, the Government of the day decided there should be a review by commission of the whole situation with a view to finding a new policy or improving the old one, or discovering some way out of our trouble.

The commission appointed was headed by the present Chief Justice of Canada. It was composed of men of oustanding capacity and repute. The leading member was Lord Ashfield, whose experience in the management and corporate control of large railway enterprises in Great Britain was perhaps unequalled. Another member was Sir Joseph Flavelle, who

I 9947



had been president of the Grand Trunk System in Canada about the year 1920, and who is recognized as being among the first two, three, or four of the men of front-rank business capacity in this Dominion. Of the other members, one, Mr. Lorie, came from the United States. His experience had been gained in management of the biggest railway there. Another was Mr. Beaudry Leman, one of the most successful and respected business men of the province of Quebec.

Hon. Mr. CASGRAIN: And an engineer, too.

Right Hon. Mr. MEIGHEN: An engineer too. The other member of the commission was Dr. Webster, who, though Canadian born, had returned to Canada only within recent years, and who had a very successful career, indeed, in everything to which he had put his hand. No one has ever ventured to suggest that there was any political bias, or possibility of it, in the personnel of that commission. I know of only two of its members who had ever been identified in any way with Canadian political affairs—one on one side, and the other on the other side; and certainly neither had been active. It was an able commission and commanded the confidence of the people of this country. I never heard its ability challenged in either House, or indeed anywhere in the Dominion.

That commission made a lengthy and very thorough investigation into the whole problem of our railways. Its report is one of the most impressive documents in our literature. It does credit even to a man with such a record as that of the Chief Justice of Canada. The commissioners examined first into the causes of the trouble we were in, and disclosed those causes in most definite form, amply supported by evidence and incontestable facts; indeed, by facts no one has ever ventured to question. They attributed our difficulty first to that earlier basic cause I mentioned at the opening of my address—over-construction due to over-optimism of the Canadian people. They added, though, that another cause was unrestricted, uncontrolled competition between two great systems serving the same people, one of which was publicly owned and the other privately owned, and that the privately owned one had deemed it necessary to meet the pace of expenditure set by the publicly owned one in order to hold its share of the field. They gave as another cause the absorption of non-paying independent lines and other properties into the Canadian National System, under compulsion of political or, as they preferred to describe it, public pressure, the consequence being an appalling increase in the capital liabilities of the system. They gave as a third cause, inelasticity in the power to compete with outside, extraneous means of transport, due to rigidity of freight and passenger tariff schedules. They gave as still another cause the position in which the railways found themselves because of international trade unions controlling in considerable degree the level of railway wages and compensation, and the consequent inability of the railways to meet periods of stress as they can be met in individual enterprises. These were the main reasons advanced for the immensity of the problem which confronted this country.

The commission then proceeded to outline methods of escape or alleviation; means whereby the road might be saved for the future so that improvement, at least, might be looked forward to, and the impediments surrounding the management of a nationally owned system be reduced to the utmost extent, or removed.

Throughout the entire report one finds the main criticism to be this: that the very fact of the National System being publicly owned and having the treasury of Canada as its means of resource induced an atmosphere of extravagance over the whole range of management.

Hon. Mr. CASGRAIN: Public ownership!

Right Hon. Mr. MEIGHEN: As a consequence the entire history over the period covered was characterized by the "red thread of extravagance." Expenses in every sphere of railway operation and near-railway operation were startling. The aggregate amount was indeed something to shock the people of our country. The commissioners quoted the evidence of witnesses in explaining how it came about that a road so controlled was subject to these influences; and they did so in no spirit of hostility to any administration, as is very clear from every line. Nothing perhaps can exceed the vulnerability of such a system as was in vogue, namely a system of a board, with the Government, exercising the authority of stockholders, as its dominating factor. They quoted the authority of Sir Henry Thornton, who said, in a language of which he was a master—sonorous, very, very friendly and insinuating—no matter what Government in the world was in power, public pressure was bound to exert itself through the medium of that Government and result in expenditures by the road, chiefly of a capital nature, which no private enterprise would enter upon. They gave other authorities and many instances. They said it was not just a case of a member of Parliament wanting a pass or a job for someone, or even of a Minister trying to tell them what they had to do. It was the influence of communities upon the Administra-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

tion, and through it upon the railroad, that resulted in this vast liability being incurred.

What were the liabilities? The commissioners found that over a period of nine years, from 1923 to 1931, inclusive, liabilities of the National System had been added to by 922 millions of money, or over $100,000,000 a year. They found that some of this, of course, was due to the cumulative effect of repeated and successive deficits, which took the form of liabilities to the Government. Over these nine years four hundred and fifty-six millions of the total was due to new capital expenditures, or over $50,000,000 per annum. In instancing these expenditures they pointed to a fleet of ships tied idly to our Western docks; to hotels of imposing magnitude in many of our cities, without business or, indeed, with closed doors; they pointed to railroads taken over which had no earning power and were only a liability after they were absorbed. These things they euphemistically but truthfully ascribed to the fact that the public treasury governed and supplied. They did not intimate that anything in the nature of corruption or wrong intent was allowed to enter. This situation they portrayed as the inevitable result of leaving management exposed to influences exercised through Government.

Hon. Mr. DANDURAND: And to the action of Parliament.

Right Hon. Mr. MEIGHEN: Well, the action of Parliament at the instance of Government, for, inasmuch as money was the one essential, it had to be at the instance of Government. The Government looks to Parliament, of course, to provide the money.

Hon. Mr. DANDURAND: And to the building of branch lines.

Right Hon. Mr. MEIGHEN: Some; yes, certainly. The honourable gentleman is helping me considerably. Does any one for a moment think the pressure of communities to have branch lines constructed is not just one instance of that public pressure which the report reveals? I am trying to emphasize public pressure, upon which may depend the fortunes of some candidate, or more than one, as an evidence of the same influence which, in huge degree, was responsible for the dilemma of the railways.

The commissioners came then to the still more difficult problem of finding some means of effecting a remedy or betterment. To overcome the disabilities incident to unrestrained competition, and to avoid the tremendous expenditures consequent upon them, they recommended first of all a system of co-operation enforced by a tribunal to which either railways could appeal if such co-operative measures could not be effected by mutual agreement.

But the main recommendation, the one which is paramount in its consequences, was that there should be set up a system which would to the utmost possible extent remove the operation of the road from the pernicious, deleterious and, indeed, catastrophic influences that had brought it where it was. What was the former plan? The ex-board of directors, appointed by the Government, was responsible to the Government. The Government took the place of shareholders and directly exerted its influence as the representative of the shareholders. Therefore the board of directors was virtually answerable to the Administration for all the Administration's demands. The commission gave it as a finding that the board of directors, ever since its existence, had felt itself in exactly that position and not able to exercise independent judgment; that it had looked upon the word of the Government and the word of the president, who was a Government appointee, as the be-all and the end-all of policy.

What did the commission recommend as a remedy for that evil? It said that the best means it could suggest was the removal of the board, which supervises the management, from direct responsibility to the Government and the placing of it under direct responsibility to Parliament. It said there should be appointed a board of trustees on a basis of permanency, or at least of such a degree of permanency as would prevent their inevitable removal with the shifting of the political thermometer; that the board of trustees should report to Parliament each year; that in no way should the board be under the influence, or even in the immediate presence of, the Government, and that administration of the road should rest solely upon the shoulders of that board, unrestrained, unrestricted, and unsupplied with money except such money as was voted by Parliament directly for the purpose.

In all these regards and to all this advice the utmost consideration was given; consideration not only by the Government, but by the House of Commons and, I think I can say, particularly by this House. It was in the Senate that new legislation was initiated. Here it received its first and principal review. Here every phase was criticized and examined, the whole matter being brought under our eye. This House decided, first, that the proposed system was good and should be given a fair trial with a view to seeing whether we could not make at least some progress towards betterment of the financial situation of the road. Appointments were made in the fall of that year, after having been delayed somewhat because of difficulty in inducing men of requisite weight and type to take on the duties of trustees.



To the position of chairman was appointed Judge Fullerton, a man who because of his experience in the practice of law, as a judge on the Bench, and, for some time before his appointment, as head of the Board of Railway Commissioners of Canada, was deemed competent to take the principal post of responsibility. The other appointees were certainly very good men. I do not know that better men could be secured to-day than Mr. Morrow and Mr. Labelle.

Hon. Mr. CASGRAIN: What did they know about running a railway?

Hon. Mr. POPE: What do you know about it?

Right Hon. Mr. MEIGHEN: The central responsibility was on Judge Fullerton. I must have regard to the well-intentioned interruption of the honourable senator from De Lanaudière (Hon. Mr. Casgrain), who asked what they knew about running a railway. Well, Judge Fullerton did know quite a lot about railways; his experience had taught him a lot about them. In the next place, the business of the trustees was not the management nor the operation of the railway. The Act which authorized their appointments, and which in this respect also fulfilled the recommendations of the Duff Commission, provided for the appointment of an operating manager, with the titular rank of president, who was to do the operating. The three trustees were supervisionary men who were to take the place of directors, perform the functions of directors and report to Parliament. They were required to direct their energy—the chairman was to give all his time and energy—to an endeavour to better the condition of the road and to save expense, while maintaining the character and efficiency of the system and making it a credit to Canada. Above all, they were to try to reduce the burden on the back of the taxpayers of this country.

Hon. Mr. MURDOCK: May I ask the right honourable gentleman a question? Does he not recall that Judge Fullerton, when he appeared before our committee the other day, intimated that he took action entirely at variance with what the right honourable gentleman has just stated? I think what the right honourable gentleman has stated should have been the position. But did not Judge Fullerton say that he had taken certain departments under his own control and discharged some responsible officers who had served a long time on the road, replacing them by others?

Right Hon. Mr. MEIGHEN: The honourable gentleman will have plenty of time to speak on this later. I would ask him not to interrupt me unless he has something more pertinent. Judge Fullerton said no such thing.

Hon. Mr. MURDOCK: I beg the honourable gentleman's pardon. He did say such a thing. If there was a stenographic report it will bear me out.

Right Hon. Mr. MEIGHEN: There was a stenographic report all right. What Judge Fullerton said was that in the matter of the operation of the railway system the whole thing was left to the titular president, and that he never interfered in the slightest degree with that titular president. But there were certain responsibilities of the company, not at all concerned with operation of the road, which he deemed it his duty to assume, and which he did assume. And he has reported to Parliament, as to the committee, the whole result of that management. That I would have stated whether any interruption had been made or not.

Such was the system that was inaugurated. And let me inquire briefly what the result has been. May I direct the minds of honourable members back to the evils revealed by the Duff Report and to the reasons why the disastrous results of which we were witnesses had taken place? Political and public pressure was the main evil. Directly due to the influence of that political and public pressure was a staggering measure of extravagance. Let us now examine into the results effected by the board of trustees. I said there had been an aggregate expenditure in new capital of $456,000,000 in nine years, or more than $50,000,000 a year. I might have mentioned, as I will now, what the Duuff Commission especially pointed out, that because of public pressure the investment in the capital of the road was, in the year before an election, more than double what it had averaged in the previous eight years. But what happened after the trustees took control? They are able to report for but two years, for it was only a year and nine months after their appointment that they were told to go. In those two years no money was put into new capital at all. Rather I should say that the retirements were greater than the expenditures in new capital.

Those two years have not been good years; they have been years of depression. For railways over the whole of this continent, including the United States, they have been relatively bad years. Yet, because of a measure of increase in business, accompanied by reductions in expenditures, the trustees were able to make a saving of over $22,000,000 in the cash deficit in those two years. That much less money was required from the treasury. As indicating one element in this reduction of deficit, Judge Fullerton was able, in a

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

11950

statement presented to the House of Commons, to point to an improvement in the result of the management of every one of the different branches of which he had taken direct and immediate control. Several of those branches were such as had no revenue at all; branches like that having to do with colonization. But the hand of economy was applied generally, and in the short period when the trustees were in control excellent results were obtained in the reduction of cost to the country, regard being had to conditions at large.

Judge Fullerton was able to show that in respect of steamships, which are entirely separate from railway operations, instead of there being a deficit which had reached as high as $1,800,000 a year and which I should say would average somewhat less than $1,000,000 annually, the Australian service had produced in 1935 a surplus of $317,000 and the West Indies service a surplus of $310,000. Excellent as were those surpluses, which appeared for the first time in 1935, he was able to show even more favourable results for this year, up to the date about which he was speaking. In the management of hotels—and all this is, of course, aside from interest on cost; it is only a comparative presentation—he was able to show a surplus of about $101,000 for last year, as against continued deficits for at least a decade. He never claimed, though, that these results were all that could be obtained, or that he was anywhere near the goal he was seeking.

After a survey of all branches, conducted by himself, he produced an average annual saving of over $700,000. In the midst of his activities, and with all these accomplishments behind him, he was told to please step out, because he was not a railway man. I am afraid that if the reason for his stepping out was a sound one, it would, if followed, produce a convulsion in the structure of almost every big enterprise in this country. If that principle were applied it certainly would produce a convulsion in the present Government.

Hon. Mr. MURDOCK: Was he not asked to step out in January, 1935?

Right Hon. Mr. MEIGHEN: Not at all.

Hon. Mr. MURDOCK: Is the right honourable gentleman sure of that?

Right Hon. Mr. MEIGHEN: Absolutely sure. The whole difficulty is incomplete information—and "incomplete" is a complimentary word. No such instruction was ever given or even suggested to him.

Hon. Mr. MURDOCK: Will the right honourable gentleman assist to bring this out by having the proper parties tell the story on the stand?

Right Hon. Mr. MEIGHEN: He was on the stand.

Hon. Mr. MURDOCK: No.

Right Hon. Mr. MEIGHEN: Judge Fullerton was not on the stand? What is the meaning of these interruptions, Mr. Speaker? Have they any point or purpose? Judge Fullerton was on the stand, but was not asked that question. Why was it not put to him? I say to the House—and I have the floor—that he never was asked for anything of the kind.

Hon. Mr. MURDOCK: No. He was not the one who should have been asked.

Right Hon. Mr. MEIGHEN: No. And he should not have been asked by this Government to go. But he was asked to go, on the ground that he was not a practical railroad man. Such a principle, if applied, would have removed from the chairmanship of the board and position of effective head of the Steel Corporation of the United States, Judge Gary, a man who had been a judge before he took that appointment, and who, at his death, was recognized as perhaps the foremost industrialist on this continent. His business was not to make steel, nor even to supervise active operations of the plant. His business was to exercise control over finances, over policy, over the great economic factors that enter into the business of production and sale. The same principle would have removed Sir Joseph Flavelle from the presidency of the Grank Trunk. Did anyone suggest that he was not a fit man for that post?

Hon. Mr. MURDOCK: Lots of people.

Right Hon. Mr. MEIGHEN: The same principle would have removed him from the presidency and chairmanship of the Munitions Board of this country, in the occupancy of which he undoubtedly, by his business capacity, saved hundreds of millions of dollars for this country, Great Britain and the Allies. The same principle would remove many Ministers now occupying supervisionary posts over great departments in which there are operating branches. But it is a principle which has never been recognized by business concerns in choosing their heads.

"By their fruits ye shall know them." We have had two years in which to test Judge Fullerton, to examine the fruits of his administration. I ask honourable members if it is not better to see results represented by increased figures in the black than by a continuation of huge figures in the red? The operation of the road was not his duty. Direct contact with the men was not essential for him. He was told—not when he was asked to go, but two months later—that the reason for the request was the low morale of the road.

11951



Well, our committee studied this Bill. Judge Fullerton was called, as was Mr. D. C. Coleman, Vice-President of the Canadian Pacific. Anyone else whom honourable members desired to hear upon this subject could have been called, but no one else was invited. What was the evidence given on this question of morale? Mr. Coleman, who was the first witness, said that he was Vice-President of the Canadian Pacific Railway and was in charge of operations. I asked him, "If the morale of your road is bad whose fault would it be?" He said, his own; it was his business to keep it up; he was the operating head. Before he went there he was, I think, a newspaper man. I hope honourable members have heard that.

Right Hon. Mr. GRAHAM: A good training.

Right Hon. Mr. MEIGHEN: A good training, certainly; and he has proved an excellent man and a credit to Canada. He said, "If there is anybody responsible for the morale on my road it is myself." I asked him who occupied the corresponding position on the Canadian National Railways. He said it was Mr. Hungerford. So I asked, "Who is responsible for bad morale, if there is any, on the Canadian National Railways?" He said, "Mr. Hungerford." Mr. Hungerford is the heir presumptive to the management and chairmanship of the board under this new system.

But Mr. Fullerton did not attack Mr. Hungerford. On the contrary, he said Mr. Hungerford had kept up the morale. The morale is not bad. The supposition that it is bad is a pure delusion of the Minister. He is the only one who ever said so. Mr. Fullerton said. "I never heard of that until he told me on the 30th of December last year." He said further: "Just last week I was talking to Mr. Warren,"—a vice-president of the Canadian National Railways at Winnipeg, whom we all know, and who has been on the road virtually all his life—"and I asked him if the morale was bad. 'Why, no,' said Mr. Warren, 'it is excellent'." Every tittle of evidence before the committee showed the morale of the road was splendid. Then why this change?

This brings me to the critical point of the matter. Why is the change to be made? I know very little of, I scarcely know personally, the new Minister of Railways. He was never in Parliament before the last election. I know that his reputation as an engineer is good. I have not the least reason to doubt that as a business man also his reputation is good. So I do not approach him predisposed adversely. But within a week of attaining office he decides that the Duff-Flavelle-Ashfield report, prepared after many months of inquiry and study under the authority of men of unquestioned rank and respect, is to be thrown into the waste-basket and forgotten. He finds that men, into the real results of whose work he has never inquired or never had time to inquire, have to be thrown on the ash heap and abandoned. He finds that the system of management which brought about the disastrous consequences revealed in the Duff-Flavelle-Ashfield report has to be restored and put under his direction; that all the vulnerability to public pressure and politics, all the weaknesses consequent upon that position, have to be restored. In almost his first utterance in the city of Toronto he said: "We cannot tolerate the present position. Why? Because we own the road, we have to provide the money, and therefore we must have control."

Now, I ask, for what purpose was it so essential that the Government be restored to control of the Canadian National Railways, as it will be under this measure? I do not have to answer the question. Mr. Howe has answered it himself. Mr. Howe says: "I am not a bit afraid of this bogey of the Government interfering with the road. What I am afraid of is the road interfering with the Government." To make his point clear he gave an instance. He said: "Mine is a railway riding, the riding of Port Arthur. This trustee board has it within its power to destroy my political career." Could such a thing be tolerated? Is the fate of the National Railways comparable, in its consequence to this Dominion, with the success of the political career of Mr. Howe? Mr. Howe announced he was going back to Government control in order to see to it that the road was directed in such a fashion as would answer the political necessities of the Administration. He is on record in the frankest language, and I am asked to support the process. I have indicated to honourable senators why I do not feel I can do so.

Has anything further been since adduced? Mr. Fullerton reveals what has been accomplished in two years of operation; and for this he does not himself take credit, but gives credit to the system under which he was able to handle business unimpaired and unimpeded. He says that although on the Canadian Pacific and first-class roads of the United States the percentage of improvement in traffic was not as good as on the Canadian National, yet the percentage rate of increase of expenses on the Canadian Pacific and the first-class roads of the United States was not by any means as low as on the Canadian National; and that the operating ratio of the Canadian National in the two years under the trustee system had improved vastly over former years—from 96 per cent to 91 per cent—while the ratio of Canadian Pacific remained al-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J.I9952



most stationary, and that of first-class roads in the United States was approximately stationary. By the test of operation ratio, although it is not perfect, you can most intelligently judge efficiency of administration.

Mr. Fullerton says, "This has been done, not by robbing men of their jobs, not by economizing at the expense of labour." This apparently he set himself against, rightly or wrongly. He says, "Instead of having fewer men employed we have 4,000 more, and instead of having lower wages we have restored part of the cut. It appears in our labour payments of last year, which represent more than $9,000,000 increase as compared with the year before."

The consequences of a return to the system of management by a board of directors with Government authority also restored may not be the consequences that followed the same system in other years; I do not know. But I do know that consequences which did follow in the past were disclosed as inevitable because of the system, and I do know that the same man is head of the Government to-day who was head of the Government in those days. Therefore I cannot very logically be asked to work up a tremendous degree of confidence that the same consequences will not be repeated.

It is said that this is a great national business and since the people have returned the present Government to power, whether or not you like the way it is going to handle the National Railways, it ought to be given a chance. I know the duties of senators are important, their responsibilities heavy; and I recognize there are limitations surrounding us, and it is in the interests of Canada that those limitations should be observed. I want to observe them. But unless the Government has at least a specific, definite and understandable mandate from the people of Canada, I do not think those limitations go to the extent of imposing upon me any compulsion to support it when I have every reason that any thoughtful man of experience can have, to believe that the course now to be taken will be calamitous in its financial consequences to our National Railways, when I know what all investigation in the past has shown and that similar consequences cannot well be avoided under the system now being restored.

I said there was no specific mandate. Is there anything you can call a mandate? Did members of the present Government disclose to the people of Canada before the election that they intended to abandon the trustee system, with the trustees responsible to Parliament and not to the Government? I venture to say not one man now in the Administration ever indicated to the people of Canada that such was his intention. Certainly the present Prime Minister did not. Did he ever intimate to the people of Canada his aversion to the principles of the Duff-Flavelle-Ashfield report, or his intention to tear it to tatters and throw it into the limbo of the past? He never did. Certainly everything that can be done to help the Canadian National Railways the Government has a right to do, but it has no right to substitute its ideas, undisclosed to the people of Canada, for ideas confirmed by Parliament in the past because of the authority with which they have been advanced, and in the face of facts which that authority reveals. Certainly there is no compulsion upon me to support the Bill because of a mandate. A mandate does not exist. I do not regard the general authority of Government to do what it likes in financial matters as necessarily forcing me to be a party to a reversal of a policy which up to this day has proved at least a partial success, and to the substitution of a system which through most of its existence was nothing but a total failure.

Consequently I intend to vote against the measure. I do not know that by doing so I am acting in the interest of the party with which presumably I have some relation. I care not. I am not going to take a step which in future years I might look back upon and be unable to defend. That is the reason I am taking this course. It may be that improvement in business, which undoubtedly is under way, will in some measure help the Administration to show larger aggregate results. I know it hopes to be saved by Providence from the consequences of its own folly; and possibly it will be. But I am as certain as I can be of anything that there would be far greater success under the system safeguarded as it is to-day, than by this reversion to a discarded system which is now commended to the House. Having so convinced myself, I take my stand against the Bill, and I take upon myself all the responsibilities of that stand.

OTTAWA: Printed by J. O. PATENAUDE, I.S.O., Printer to the King's Most Excellent Majesty, 1936.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 99 S53

1938

THE SENATE OF CANADA

# PROCEEDINGS

OF THE

# SPECIAL COMMITTEE

Appointed to

## ENQUIRE INTO AND REPORT UPON THE BEST MEANS OF RELIEVING THE COUNTRY FROM ITS EXTREMELY SERIOUS RAILWAY CONDITION AND FINANCIAL BURDEN CONSEQUENT THERETO

---

No. 19

---

The Right Honourable George P. Graham, P.C., and
the Honourable C. P. Beaubien, K.C.,
Joint Chairmen

---

WITNESSES:

Mr. S. J. Hungerford, Chairman and President, C.N.Rys.
Mr. S. W. Fairweather, Director, Bureau of Economics, C.N.Rys.
Mr. W. U. Appleton, Vice President, Atlantic Region, C.N.Rys.
Mr. W. A. Kingsland, Vice President, Central Region, C.N.Rys.
Mr. A. E. Warren, Vice President, Western Region, C.N.Rys.

EXHIBITS:

No. 80. Broad distribution of C.P.Ry. Co's. estimate of $64,268,000 savings due to decreased operating expenses.
No. 81. Statement by C.P.Ry. of operating ratio of unified system, year 1930.
No. 82. Comparison by C.P.Ry. of unit costs years 1930 and 1937. C.P.Ry. System and C.N.Rys.
No. 83. Report of Committee on appraisals on reproduction cost of the communication properties of C.P. and C.N.Rys. (Not printed)
No. 84. Copy of lease from Montreal Telegraph Company to Great North Western Telegraph Company.
No. 85. Restatement by C.P.Ry. of Exhibit No. 56, re present status of proposals for line abandonment.
No. 86. Statement by C.N.Rys, respecting the diversion of freight traffic from N.T.R. to I.C.R. between Riviere du Loup and Moncton.
No. 87. Memo by C.N.Rys. concerning activities conducted at various stations between Monk and Pacific Junction.
No. 88. Statement by C.N.Rys. showing populations, tons of freight, freight revenue, and passenger earnings, stations Monk to Pacific Junction, 1937.
No. 89. Joint report of C.N. and C.P.Rys. on British Columbia Coastal Steamship Service.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1938

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119954

# MINUTES OF EVIDENCE

THE SENATE,

TUESDAY, June 14, 1938.

The Special Committee appointed to inquire into and report upon the best means of relieving the country from its extremely serious railway condition and financial burden consequent thereto, met this day at 11 a.m.

Right Hon. George P. Graham and Hon. C. P. Beaubien, Joint Chairmen.

Colonel O. M. Biggar, K.C., Counsel to the Committee.

The CHAIRMAN (Right Hon. Mr. Graham): Are we ready to proceed, Gentlemen? I believe that Senator Dandurand has something to say.

Hon. Mr. DANDURAND: Honourable senators, I deem it my duty to recall what the decision of the Committee was when we first met on this matter. We decided that we would hear representatives of the Joint Co-operative Committee, in order to find out what efforts they had made to bring about co-operation between the two railroads and obtain economies thereby. The Committee is made up of two sections of three members each, one section representing the Canadian Pacific and the other section representing the Canadian National. But during the adjournment which followed our opening sittings, Colonel Biggar met those gentlemen and came to the conclusion that the chairmen of the two sections should first be heard, that is Mr. Fairweather and Mr. Armstrong. We heard those two gentlemen. Then it was decided that we should hear from the higher officials, the executives. So, Sir Edward Beatty followed Mr. Armstrong. Sir Edward made statements, which were confirmed by heads of various departments of the Canadian Pacific. Continuing along the same lines this morning, we have Mr. Hungerford here, and he very likely will do as Sir Edward Beatty did and ask the committee to allow his experts to follow him. I mention that in order to dispel any idea that we are placing the two railways in opposition to each other here. We are simply facing one with the evidence of the other because this is the only way in which we can get expert evidence. It is with that end in view that we are proceeding in the way that we have been.

Hon. Mr. BLACK: Mr. Chairman, may I make a request? I think we are all now thoroughly familiar with the proposed abandonment of lines suggested by the Canadian Pacific. A good many of us, I imagine, were surprised to find that line abandonment was not nearly as important a feature as we had thought it was. In their original statement the Canadian Pacific recommended an abandonment of something over 5,000 miles, and the Canadian National suggested abandonment of something over 2,000 miles. Now, the mileage which the Canadian Pacific proposed for abandonment is indicated on the map by black marks, and it seems to me it would be very helpful if these marks were removed and new ones placed on the map to indicate the abandonment suggested by the Canadian National. This procedure would I think be useful to us when the time comes for us to make our report. I make my suggestion subject to the wishes of other members of the Committee.

Hon. Mr. DANDURAND: I suppose that when we are through with the evidence that point will have been covered.

Hon. Mr. BLACK: My suggestion will not have been met unless the markings indicating Canadian Pacific proposed abandonment are removed from the map and replaced by markings indicating Canadian National proposed abandonments.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L 119955

Mr. BIGGAR: It occurred to me that it would be unfortunate to remove those black tape markings from the map, but that the point Senator Black has raised might very well be met if some white adhesive tape were placed over the black to show the Canadian National proposals.

Hon. Mr. BLACK: Quite all right. That is just what I wanted to get, something like that.

The CHAIRMAN (Right Hon. Mr. Graham): We have had a great many requests from individuals, municipalities and organizations of various kinds for an opportunity to be heard before this Committee. One such request came from the town of Sioux Lookout, Ontario, and I suggested to the Mayor that we could not very well give him an opportunity to be heard, but if a resolution were sent in we should see that it was placed before the Committee. I have now received a communication from the Mayor of Sioux Lookout, and I would ask the Clerk to read it to you.

The CLERK: This is the letter:

TOWN OF SIOUX LOOKOUT

Sioux Lookout, Ont., June 1, 1938.

The Rt. Hon. SENATOR GEORGE P. GRAHAM,
Chairman, Senate Railway Inquiry Committee,
Ottawa, Ontario.

*Memo Re—Railway Unification*

DEAR SIR:

As Mayor of the largest town between Capreol and Transcona, this territory taking in some one thousand miles of the Canadian National Railway Lines, which is proposed to be abandoned under the C.P.R. scheme of unification, I am at the direction of a thoroughly aroused people directed to place before your honourable committee some of the facts as it affects my town and the surrounding district.

I may say that you will find that the statements which I make in this memorandum will be found in direct variance with statements already made by C.P.R. representatives before this committee, and I respectfully propose to show to your honourable body that a deliberate attempt would seem to have been made to leave with you and through the press to the people of Canada an absolutely inaccurate picture of what abandonment of this piece of C.N.R. track would mean to the people living in the north country, and would seek to minimize the terriffic human sacrifices, the wholesale human suffering, this abandonment would entail on the part of these people.

It would seem that the statements made to your honourable body by C.P.R. representatives, as reported in the press, were made for the purpose of belittling the importance of the area before mentioned, both from a standpoint of property and human values and from an industrial and railroad standpoint.

Permit me to point out one specific instance of such misrepresentation. It was reported through the press that C.P.R. General Superintendent McNab, informed you that there were only some 3,500 people between Long Lac and Transcona, a distance of some 671 miles.

May I respectfully be permitted to classify that statement as being so ridiculously inaccurate as to expose the fact that Mr. McNab is utterly unfamiliar with Northern Ontario and it would seem that he made the statement more to an eye to its value as public propaganda than to a desire to furnish your honourable body with reliable information.



L 119956

I make this direct statement that you may find 3,500 people within a radius of twelve miles of the town of Sioux Lookout alone, and let me say that I am not including any miners or trappers.

The town of Sioux Lookout alone has an assessment roll of nearly $900,000 and a property value of at least $1,800,000, including municipal improvements. This town was built by the thrift and industry and savings of those who believe in this district and who never dreamed that their means of communication would ever be taken away.

From an industrial standpoint, the proposed abandonment of these C.N. lines would retard and probably halt the mining development of Northern Ontario, which promises to be the most important industry in Canada.

Within a radius of 100 miles of Sioux Lookout, there are no less than seven producing mines, market valuation $28,500,000. In addition to this, and I base my statements on my knowledge of the north country as a mining man, there are not less than nine near producing mines with a market valuation $22,500,000, a total of $51,000,000.

The milling plants for these nine properties and others have still to be freighted in. This would be impossible without the Canadian National Line.

There is at least five thousand people engaged in mining in that district—ninety per cent of the freight is shipped to these mines by water from Hudson and other points along the Canadian National Lines.

I would again point to a specific instance where misrepresentation has been supplied your committee. C.P.R. General Superintendent McNab is reported to have told you that the mining business and transportation of freight to the Red Lake country could be readily handled from a point on the C.P.R. I make this statement that 15 out of every 16 tons of freight shipped into the Red Lake country from the town of Hudson on the C.N.R. and is shipped from rail head by the water route. The other ton is shipped by airplane.

It is a known fact that the C.P.R. could make no other connection with Red Lake than by airplane. I would point out that a great percentage of the bulky freight shipped to Red Lake by water in the first place could not be shipped by airplane and the terrific increase in the cost of transportation through an all-airplane route would put your Northern Ontario mines out of business.

I would swing for one moment to a brief survey of a wider territory. Between the towns of Capreol and Transcona, you may find property values made up of the homes of workers totalling a sum of at least $8,000,000. You will find in that area a population of at least 22,000. These figures are based on first hand information from the organized towns and a thorough familiarity with the smaller towns involved. You will find at least ten saw-mills in that area giving employment through bush operations to thousands of men. You will find at least four of these saw-mills at, and within, ten miles of Sioux Lookout.

In conclusion, I might say it would be too much to ask that the interests of the individual, or of a single community, should be placed above the interests of the nation, but I respectfully submit to your honourable body that, on the one hand, you have problematical savings in railway operations about which even railway experts disagree, and, on the other hand, you have the known fact that railway unification, as proposed, would leave a trail of ghost towns across Canada — would cause terrific suffering to thousands — would result in a huge inflation of relief rolls — would wipe out the life savings of thousands of Canadian citizens and, with unification an accomplished fact, would render desolate that part of Canada affected for generations to come.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119957



I would ask one more question. Mr. McNab, when making the statement that the interests of the people of Hornepayne were not paramount, said that transportation will still be afforded the town of Hornepayne. My question is when you abandon this part of the Canadian National Railway who will be left at Hornepayne who will require transportation.

The people of Northern Ontario look forward to you, Senator Graham, to have the facts placed before your committee.

Yours respectfully,

(Sgn.) JNO. L. MORAN,
*Mayor.*

Hon. Mr. DANDURAND: Mr. Chairman, would you allow me to express an opinion to the committee? I thought that we should proceed with the expert evidence to be offered this morning by the representatives of the Canadian National Railways who, since 1934 and before, have been in contact with the Canadian Pacific representatives in reference to co-operation or unification, and that in the meantime our esteemed chairman would examine any communications which reach us from the outside and give us a summary of them later. Already a dozen or two communications have reached me. Some I have read and others of forty and fifty pages in length I have asked my secretary to summarize.

The CHAIRMAN (Right Hon. Mr. Graham): We have no secretary.

Hon. Mr. DANDURAND: I was under the impression that we were to defer dealing with any communications from outside until this evidence is closed.

The CHAIRMAN (Right Hon. Mr. Graham): I think it is a good idea and that we had better not discuss it. I think my honourable friend really means to say, "Let us get on with our work." Senator Beaubien and myself, as well as the leaders and other members of the committee have received letters, but possibly not so many have received resolutions from towns and cities.

When we last met we suggested, with some force, that we should make notes of the evidence and refrain from asking the witnesses questions until they were through. I am not sure that we succeeded very well along that line.

Son. Hon. MEMBERS: Oh, oh.

The CHAIRMAN (Right Hon. Mr. Graham): But it was the best we could do. My brother chairman and I desire to repeat that suggestion, in the hope that it will shorten the proceedings. Let us allow the gentlemen to express their views or give their testimony without interruption, unless under trying circumstances, and then we can ask them any questions we like on what they have said. Gentlemen, if that suggestion is not a success, don't blame us. Often suggestions of this kind are made in committees and do not work out at all. My confrere says that I should say something about holding the communications until we get through, as was suggested by Senator Dandurand. We have plenty of them, and, perhaps, when we look through them we will find that the ground has been covered. Meantime I suggest, and I think you will agree with me, that we should not have any more letters before the committee until we get through with the heavier work.

Mr. BIGGAR: Mr. Chairman, the committee is anxious to hear Mr. Hungerford, who is here, and he should not be detained. I have half a dozen documents that were asked for last week, ready to put in, but I think we might postpone them until we have heard Mr. Hungerford.

Some hon. SENATORS: Hear, hear.

119958



S. J. HUNGERFORD, Chairman and President, Canadian National Railways, was called as a witness and took the stand.

*By Mr. Biggar:*

Q. Mr. Hungerford, you have attended here to-day at the request of the committee for the purpose of assisting the committee in dealing with their reference from the Senate. I need hardly remind you what the terms of that reference are. The committee is asked to report upon the best means of relieving the country from its extremely serious railway condition and financial burden consequent thereto. I understand that you have some submissions to make with regard to that situation, and that you have reduced them to writing and are prepared to open with them.—A. That is quite correct. I thought it would save the time of the honourable committee if my views were more or less condensed.

Q. And copies of that are available to the members of the committee, and are being distributed?—A. I believe so.

Q. Now, Mr. Hungerford, will you go on, please?—A. I have to apologize for my voice. I am not sure that I can speak clearly enough to enable you to hear, but I will do my best.

Honourable Senators: Having been requested to appear before you, I reviewed the proceedings of this Committee and in accordance with the approach to the problem, as developed therein, I believe you would first desire to have my views on unification and on the estimate of 75 million dollars per year saving which has been put forward to support it, and then my views on the general situation.

The railway problem was examined by the Royal Commission on Transportation in 1931 and in 1932, and as one who appeared before that Commission, I can bear testimony to the very careful and searching inquiry which was made of the merits of unification. The conclusions arrived at by the Royal Commission bear the stamp of careful and considered judgment on a difficult and complicated matter. Unification, as suggested to the Royal Commission by the Canadian Pacific, was rejected and a policy of enforced co-operation was recommended. These are the conclusions which impartial study would appear to warrant. It is my considered judgment that these conclusions are as sound to-day as they were in 1932.

The Chairman and President of the C.P.R. in his evidence before this Committee has told you of his surprise at the findings of the Royal Commission. I, on my part, was surprised at the subsequent institution by the Canadian Pacific of a policy of pressing publicly for unification. I cannot but feel that the atmosphere created by this policy has made co-operation between the properties less effective than it otherwise might have been. The management of the Canadian National Railways has not carried on a public controversy as to the merits or otherwise of unification and the reiteration of one side of the case may have created an impression that there is no reasonable and logical answer to it, which is not correct.

As part of the advocacy of unification, the income deficits of the Canadian National Railways have been constantly stressed and there have been statements that the accounting of the system since the passage of the Refinancing Act in 1937 is improper; also, while I cannot believe that it was part of the policy of the Canadian Pacific Railway, there has been a continuing attack by self-styled experts and writers upon the administration of the Canadian National properties. In a democracy it must be expected that State owned enterprises will be subjected to criticism and attack, especially in periods of depression and to be engaged continually in public controversy answering uninformed statements would, it was felt, give to this type of criticism a greater weight than it deserved.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119959



From time to time, however, it is well to examine the fundamentals of our railway transportation system and we should at no time overlook any opportunity of bettering it.

Reduced to simple terms, the case submitted by the Canadian Pacific to this Honourable Committee is that an unwise venture of the State into the railway field has produced the greatest danger to the future of the nation by the creation of the Canadian National Railways; that this danger can only be removed by unification and that savings of $75,000,000 a year would result.

I cannot agree that the creation of the Canadian National Railways as a State owned and controlled public utility is a danger to Canada, much less the greatest danger to the future of the nation. Those who hold and express such views overlook the great measure of public service performed by the Canadian National Railways System in the development of Canada and in furnishing railway transportation to communities to which, as parts of this Dominion, they are entitled but which it is impossible to provide on a paying basis judged by railway profits.

The history of the formation of the Canadian National Railways System is that public service demanded the continued operation of roads which found it impossible to continue operations on a profit basis. The public need for service existed, and still exists, and the only instrumentality of providing that service was the lines of railway now incorporated in the Canadian National System. If, as was the case, it proved impossible to operate these lines under private ownership at a profit and if they render a needed public service, it seems to me illogical not to expect a measure of financial encumbrance as a result of their continued operation in the public interest.

The wisdom of the formation of the Canadian National Railways cannot be judged solely from its financial results. There is a sounder justification for the operation of the property than railway profits. That justification is found in public service. I am firmly of the opinion that judged from that point of view the Canadian National Railways far from being a danger to the national existence has aided in large degree, and is continuing to aid, in the development of the country. Amounts by which the property fails to earn interest on bonded indebtedness are more than offset by these features.

In the administration of this property there is always taking place a balancing of two features; on the one hand the real need of service to the public and on the other hand a requirement to render the property self-sustaining. That it has never since 1923 failed to meet its operating expenses, notwithstanding the great depression, and that during the years of prosperity it succeeded in earning its interest charges to the public is a remarkable achievement having regard to the condition of the properties when they were taken over by the Government and the requirements of public service which it was necessary to meet.

There is a tendency to consider the income deficits of the Canadian National as deficits arising out of the operation of the property, but this is not so. The property, in fact, has a very great earning capacity under normal traffic conditions. For the 15-year period, 1923-1937 inclusive, its operating revenues exceeded its operating expenses by $361,346,000, or an average of $24,090,000 per annum. Even in the years of depressed earnings, 1932 to 1937 inclusive, the System earned $71,567,000 in excess of its operating expenses, an average of $11,928,000 per annum. In the five most prosperous years, 1925-1929, the property earned $225,287,000 over its operating expenses, an average of $45,057,000 per annum. These figures relate to the all-inclusive system. The deficits arise not from the operations but from the heavy burden of interest charges.

The potential earning power of the Canadian National System is very great and cannot be judged from any period in the past. As I have just indi-



119960



cated, an average of 45 millions of dollars was earned, after payment of operating expenses, in each of the 5 years 1925-1929 inclusive, despite the fact that during this period a program of rehabilitation of the properties was going on, involving very heavy operating charges. Under similar traffic conditions in the future, I am confident that the net earnings would be substantially greater.

While I cannot agree that the continued existence of the Canadian National Railways is the greatest danger to the nation, because I hold quite contrary views, I am, naturally, willing and anxious to examine the merits of any proposal for reducing railway transportation costs in this country. I might say here, however, that the cost of railway transport in relation to the work done, apart from interest on invested capital, is practically as low in Canada as in any other country in the world at all comparable to this Dominion. It is admittedly impossible to reduce invested capital to any considerable extent in any plan, however drastic; consequently it is fairly obvious that when you try to improve upon a performance which ranks with the best, assertions of savings need to be carefully scrutinized to see whether they hold real promise of being realizable. Perhaps I am in a specially favoured position to judge the practical economies to be expected from large-scale consolidation of railways, because in my experience I have gone through three such consolidations:—

1st—Consolidation of the Canadian Northern and Canadian Government Railways into the Canadian National Railways.

2nd—Consolidation of the Canadian National with the Grand Trunk Pacific.

3rd—Consolidation of the Canadian National with the Grand Trunk Railway.

My experience has been that large-scale economies are not produced from consolidations, and I speak not from theory but from experience. I do not mean to infer by this that very considerable improvement in the operating performance of the Canadian National Railways System has not taken place. In point of fact, since 1923 there has been a progressive improvement in the efficiency with which the operations have been carried on. I do want to make it clear, however, that this improvement has not, in a large degree, resulted from consolidation, but is mostly the result of improvements in the art of railroading and has been paralleled by the experience of railways in other countries. It is probably more closely related to the competitive principle than to any other single factor. Drastic abandonments of lines, service and facilities were not a factor and indeed, if attempted, would have defeated the very object for which the National Railways was formed.

Your Committee has before it from the Canadian Pacific an estimate of $75,000,000 per year as being the realizable economies from unification. In my judgment, based upon my extensive experience in consolidations, savings of this order would never emerge.

In the absence of details as to what physical changes in facilities and services other than line abandonments are contemplated, it is impossible to deal in detail with the estimate, although if the Committee desire to have their views, the officers of the Canadian National Railways are available here for a critical examination of it in as much detail as the partial exposure of it will permit.

I find that the asserted savings of $75,000,000 per year divide, upon examination, into two broad classifications:—

1st—Those savings which are based upon assumptions that the quantity of transportation service is greater and the quality of transportation service is higher than is needed, to which I have joined the asserted savings from a drastic program of abandonment of lines, the closing of stations, shops and other repair points and the consolidation of ancillary services. This group totals approximately $55,000,000 a year.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1 1 9961

2nd—Those savings which are based on the assumption that Canadian Pacific unit costs can be applied with propriety to Canadian National operations without due regard to differences in geographical distribution of lines and the relative traffic, maintenance and operating problems. This group totals approximately $20,000,000 per year.

The assumptions which underlie assertions of such savings are, I believe, unsound.

There is an assumption that Canada has entirely too much railway mileage and that a minimum of 5,000 miles of line should be torn up regardless of the pioneering service which much of it is performing.

There is an assumption that the quality of railway service in Canada is on too high a standard and that great savings can be made by reducing it without detrimentally affecting the commercial and industrial activity of the country.

There is an assumption that railway traffic can be forced to move over specified routes to suit economy of operation without regard to the requirements of industry.

There is an assumption that stations, terminals, roundhouses, repair points and main shops can be abandoned and rearranged to suit the convenience and economy of the railways alone without regard to the way in which the continued operation of these facilities affects the communities in which they are located and the country as a whole.

There is an assumption that Canadian Pacific unit costs are applicable to Canadian National operations notwithstanding the fact that the geographical distribution of lines, the nature of the traffic and operating problems are very considerably different.

There is an assumption that the savings which appear in the estimates are net savings, but there is no regard to offsetting features such as expenditures for changes in facilities, compensation to displaced labour, the loss to individuals occasioned by the withdrawal or restriction of railway service, loss of tax revenue and the loss to communities from the abandonment of facilities.

There is an assumption that the disturbance to the labour and material markets would be of no consequence.

Each of these assumptions must raise doubts in thoughtful minds as to the reliability of estimates based upon them and, in my opinion, these doubts will be confirmed in proportion as the details of the changes proposed to be made are disclosed.

Consider line abandonments, for instance. In advancing arguments in favour of unification before the Royal Commission, the Canadian Pacific placed line abandonments as the important initial step and stated that "the first task of the Committee was to determine what tracks it was considered could be abandoned if the properties were operated as a unit," and again, "We are confident that unification would permit an abandonment in excess of 5,000 miles," and yet again, "we put that (5,000 miles) as a minimum and not the maximum."

At the request of the Royal Commission, the Canadian Pacific furnished an estimate of the proportion of the total savings in railway operating expenses due to line abandonments as being $16,366,850 per year with the qualification that "due to the manner in which the figures were assembled for the exhibit, this distribution has had to be made upon somewhat arbitrary lines."

Among the things which have emerged from your Committee's inquiry, it appears to be clear that the abandonment of 5,000 miles of railway in this country is not feasible, having regard to the public interest. I leave it to your



1 1 9962



judgment whether it would be in the best interests of this country to do what has been proposed in this instance. For my part, I cannot envisage setting the transportation clock of Canada back 30 years. The public interest is too much involved. I hold that much of the economy, based on other and undisclosed drastic changes, involving the abandonment of stations, roundhouses, terminals, shops, etc., and the degeneration of main lines into branch lines, if given a similar touch of reality by a disclosure of exactly what was contemplated, would likewise prove unsound and unrealizable.

The continuing insistence by the Canadian Pacific in evidence before this Committee that 5,000 miles of line can be abandoned (if not the lines in their program, then some other lines), may be taken as a faint warning of the attitude towards public service to be expected under unification.

I have used line abandonments as an example because it is only in line abandonments that there has been a complete disclosure of the program contemplated in unification. It is to be regretted that the Canadian Pacific has not given the details of the proposed curtailment of services and what shops, terminals, division points, roundhouses, stations, etc., it is proposed to abandon. The extent to which public interest is adversely affected may be gauged by this reluctance to give the details of just what is contemplated in the unification plan. The frank statements by Canadian Pacific officers that to divulge such information would impair relationships with the communities affected, is sufficient evidence to me that the general statement contained in the brief of the Canadian Pacific that the quality and quantity of transportation service in no part of the country would be seriously impaired, is incorrect. Nor can I accept the Canadian Pacific argument that since none of these things will be done without the prior consent of the Board of Railway Commissioners, the country need not concern itself with such matters at this time.

The real matter to be decided upon is whether the estimate of $75,000,000 can, in fact, be realized. It makes no difference in that regard whether the refusal to contemplate such drastic changes is expressed now by public opinion or subsequently by a Commission acting in the public interest. Such exposure of the details as has taken place has confirmed my general belief that most of the economies of unification are incapable of realization.

Most of the economies which are realizable in a practical sense, in that they relate to economies which can be really made effective without unduly impairing the public interest, will be found upon examination to be obtainable under the principle of co-operation and the country need not incur all of the unknown perils of unification in order to obtain these economies.

It is entirely feasible under co-operation to arrange for the abandonment of one of two closely paralleling lines of railway where public interest is not adversely affected. It is feasible under co-operation to make arrangements for joint stations and terminals where an economy is indicated. It is feasible to arrange for the handling of one company's traffic over another company's line. It is feasible to eliminate duplicate competitive passenger train services to the extent justifiable in the public interest. It is feasible to deal co-operatively with ancillary services. Types of all of these economies have been explored and have been demonstrated as entirely practicable and workable.

The second classification which I have made of the $75,000,000 estimate relates to the treatment by the Canadian Pacific of the operating costs of the unified system. It is an unwarranted assumption that statistical averages of the Canadian Pacific performance can be used to determine the operating costs of the Canadian National Railways without reference to the differences between the maintenance and operating problems of the Canadian Pacific and the National System. Add to this the narrow basis upon which the comparative operating costs are based, namely, the single year 1930, and it becomes apparent that the $20,000,000 is a mere statistical conjecture.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119963



The Canadian National Railways, from the onset of the depression in the fall of 1929 until about the middle of 1930, pursued a policy of maintaining at work on the property all of its staff for which legitimate employment could be found, rather than taking the drastic step of wholesale dismissals, closing down of shops, etc. This policy, whether well-founded or not, was publicly announced and supported in Parliament. Such a policy pursued at a time of falling traffic, naturally affected the 1930 basis of unit costs on the Canadian National.

The inference which has been drawn from this manner of treating the operating costs, namely, that the Canadian National is less efficient in its management than the Canadian Pacific, I desire most emphatically to deny. While there is a superficial similarity between the two systems, there are wide differences between them as regards the property and facilities to be maintained.

The nature and volume of the traffic handled by the two systems is also considerably different and these factors have a bearing upon operating costs through the average car load, through the average haul and through terminal operations, which are much more complicated in the case of the Canadian National on account of its dominance in the industrial section of Canada and its lines in the United States.

The average volume of traffic per mile of line on the Canadian National is less than on the Canadian Pacific and this has an adverse effect upon the comparative operating results because on the average the Canadian National has to maintain and operate more mileage of lines than the Canadian Pacific to earn the same gross revenue. Development on the pioneering lines of the system will remedy this disparity, but it is one which exists at the present time.

The Canadian Pacific witnesses have admitted a lack of detailed knowledge of Canadian National traffic and operating conditions and have based their comparisons upon a presumed comparability of Blue Book statistics, whereas it is well known to railroad people in this country that the Blue Book statistics on railways lack comparability to such a degree that the Minister of Transport has set up a Joint Committee of Canadian railway officers and of Government officials to develop a uniform method of reporting.

The historical development of the Canadian National System, which is a consolidation of four other systems must also be taken into account. In any event, 1930 is now eight years behind us and I do not believe that figures which are so much out of date can safely be used to draw conclusions with regard to present and future operations. Since that time both railway systems have effected many changes leading to a reduction in operating expenses. In that connection, I most earnestly desire to assure the Committee and the Canadian people that the National Railways is being operated at a minimum of expense consistent with the requirements of public service. It is my considered judgment that no portion of the $20,000,000 per year savings arrived at by applying statistical averages to conditions which are not comparable, could be realized. If you desire further evidence supporting this conclusion, I shall be pleased to have the officers of the company who are here supply it.

To sum up my position with regard to the asserted economies from unification or amalgamation, it is my judgment that they are largely unrealizable. Railway savings purchased at the expense of the development of Canada and of a wide disturbance in the already disturbed labour and material markets of the country would be too dearly obtained. The country instead of being better off would be worse off. Yet it is only to the extent that a program of drastic reduction in expenses could be achieved that the country would be warranted in inviting the perils of monopoly and of the great difficulties which I foresee in the type of management of the joint enterprise which is now proposed. It is my opinion that monopoly does not make for efficiency. I do feel that there is a very grave danger of a slackening of the morale of the organization, of a lessening of initiative and enthusiasm, a loss of sympathetic contact

[Mr. S. J. Hungerford.]



119964

between the management and the men and between the management and the public. These risks are, in my opinion, so great that they could only be offset by the reality of substantial economies on a scale which I, for my part, cannot envisage.

That there are financial risks involved in unification cannot be gainsaid. The Canadian Pacific has made very plain that unification, while it contemplates the technical preservation of the respective ownerships of the properties, really consists of a permanent fusion of the physical properties and of the organizations into an indivisible unit. The State, as represented by the Canadian National, and private ownership, as represented by the Canadian Pacific, are to go into a partnership on some terms as yet undisclosed.

In the absence of knowledge of the exact terms of the proposed partnership it would be idle to speculate upon this aspect of unification, although it may be fitting to remark that a partnership between such diverse interests as public and private ownership is liable to produce a number of unforeseen problems which might conceivably involve the State to an extent never contemplated in the original contract. The reason I hold this view is that there would tend to be a conflict of interests in a partnership between the public on the one hand and private interests on the other. Public interest is properly and primarily concerned with the use of the railway property for purposes of national development and national policy; private interests are primarily concerned with profits and dividends. The Joint Board of Directors representing such diverse interests would, in my opinion, quickly get into difficulties and, since the properties could not be unscrambled, the State could only break the stalemate which would result either by acquiring the Canadian Pacific property or by making some concession in the form of guarantees or otherwise. The present proposal for unification has neither the merits of public or of private ownership and, in my opinion, is impractical and would conceivably lead to serious involvement of the State.

I have previously indicated that I am in favour of a policy of enforced co-operation to eliminate any waste or duplication of effort where such could be accomplished without unduly weakening the benefits of competitive incentive or of unduly reducing the services which the railways render to the public. I would emphasize again, however, that we must not mistake railway economies, purchased at the expense of the public at large, as being true economies in the national interest. Within this reservation there is a considerable opportunity for effecting savings by enforced co-operation, not only as regards the elimination of duplicate facilities and the elimination of wasteful effort, but also the prevention of additional duplications in the future.

I think these considerations are sufficient to justify a policy of enforced co-operation and the only question in my mind is the best machinery for making that policy effective.

I have previously referred to the unfavourable atmosphere under which co-operation has been attempted in the past five years. It may be that if this Senate inquiry could dispose finally of unification as an alternative to co-operation, that greater progress in achieving co-operative economies will be made in the future.

Furthermore, from the experience gained in the past five years, I suggest that serious consideration be given to the setting up, for a period of years, of a public body to deal with co-operation. This body should, in my opinion, be made up of three people, one representing the Canadian National Railways, one representing the Canadian Pacific Railway, and a Chairman representing the public interest.

Such a body need not be permanent, but might with profit be appointed for a 5-year term. It should be charged with the exploration of the whole field of possible co-operative measures and the development of specific co-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119965

operative projects. It should be its duty to endeavour to secure agreement of the two railways to all such proposals as are feasible, productive of economy, and in the public interest.

The reports of the body on specific projects should in all cases be made public at the time a majority decision is arrived at, because I feel an informed public opinion on specific co-operative projects would be very helpful to railway executives in considering co-operative measures.

In cases where public interest and economy indicate that a measure should be made effective, but in regard to which either railway company refuses to agree, compulsion should be invoked through the medium of the arbitral tribunal provided for in the present Act. I would suggest, however, that instead of leaving this to the discretion of the railway companies, it should follow automatically after a reasonable stated time had elapsed from the date of the publication of the report.

A report of all the activities of the body should be made to Parliament each year.

The Chairman and President of the Canadian Pacific in evidence before this Committee has expressed the view that some such body might be of assistance in furthering co-operation, but finds the idea of compulsion distasteful and argues that enforced co-operation is an undesirable invasion of the rights of private enterprise. My answer to this is simple. I know of no country in which private ownership of railways exists in which the State does not reserve to itself the right to exercise compulsion in the public interest and, in this Dominion, it is specifically provided for in the Canadian National-Canadian Pacific Act.

If it secures unification, the Canadian Pacific has indicated a willingness to submit to compulsion in the public interest through the medium of an over-riding commission having wide powers. It is not clear if the principle of compulsion is proper in unification why it should not be proper in co-operation.

It has been suggested that co-operation is only successful to the extent that it destroys competition and that proceeding logically, therefore, it has the same goal as unification. This would be true if through co-operation the drastic abandonments contemplated in unification, as submitted by the Canadian Pacific Railway were attempted, but co-operation, as I envisage it, is limited to practical economies which can be justified as being in the public interest; nor is it designed to completely eliminate competition. In fact, its object is to maintain a state of healthful competition while eliminating obvious existing duplications and preventing duplications in the future.

It has been argued that co-operation and competition are incompatible terms and that so long as the competitive element is permitted to exist little can be expected from co-operation. My answer to this is that given a will to co-operate, substantial economies would result. That has been demonstrated time and again. I would go further and say that if an opportunity for economy in the public interest exists and the will to co-operate does not exist in the railways, compulsion is quite justifiable in the public interest.

In conclusion I would say that the difficulties in which railways of this country find themselves at the present time are the direct result of the depression in trade and the general disturbances in economic conditions throughout the world. I know of no magic by which this fundamental situation can be cured. Fundamentally a solution must await the return of a more normal flow of production, commerce and trade. I know there are those who view the present condition of affairs as permanent and who ask whether we can continue as a nation to bear the cost of rail transportation on the present scale. It is instructive in that connection to consider the general economic condition





119966



of the country. All things considered, Canada has suffered less from the depression than other countries. It is a really remarkable fact that last year the national income exceeded the national outgo by over 500 millions of dollars and, in consequence, Canada, as a people, actually reduced its debt to the rest of the world and added to its store of wealth. Such a record does not support a pessimistic outlook or justify a policy of defeatism. Canada has vast potentialities of wealth production and railway service is essential in developing them. We may have built our railways somewhat in advance of immediate requirements, but, generally speaking, they are well located and admirably adapted to the requirements of the country. Railway transport is still by long odds the cheapest form of land transport and this gives the industry a great advantage over its competitors. The problems facing the railway in the way of highway, water and air transport competition are difficult, but not insolvable. At the moment we face a situation of increased railway costs and decreased railway traffic and admittedly that is a serious matter so far as the immediate prospect is concerned, but I am not prepared to admit that this is a permanent condition.

The Canadian Pacific in its submission has stated that the Canadian Pacific Railway, even under depressed conditions, can carry on and meet its fixed charges. For the Canadian National that is impossible. The property can, however, pay all of its operating expenses out of revenues, notwithstanding the disabilities in the way of rendering pioneering and public services, to which I have previously alluded, and the Canadian National is in a position to quickly show substantial increased net earnings with increases in the general level of business activity in this country.

I have previously alluded to the great potentialities of the property and have stated that no period in the past can be taken as indicative of its real earning power. The Canadian National has far greater potentialities than its principal rival in Canada or for that matter than any other railway on the continent because no other railway is so well located in relation to the natural resources of the northern half of this continent.

One of Canada's chief natural resources on which the great pulp and paper and cellulose industries depend is the vast coniferous forests in northern Ontario and Quebec, served almost exclusively by the Canadian National. From the point of view of mineral development, we are only beginning to realize the wealth which is stored in the geological formation known as the Laurentian Shield, which extends from the Mackenzie River Basin to the Labrador Coast. The Canadian National Railways traverses the Laurentian Shield with main and branch lines and it is, therefore, no accident that most of the mining development which has taken place in Canada in the last 10 years has been along the lines of the Canadian National.

Consider too, that in the highly industrialized section of the country, which will continue to draw its stimulus from the development of the north, the Canadian National is pre-eminent in serving every industrial centre and I think you will realize the truth of what I have said, that the potentialities of the System are very great. If development takes place without a needless duplication of lines of railway, which would serve only to increase expenses and divide the traffic, the broad outlook for the development of traffic on the lines of the Canadian National Railways is decidedly encouraging.

Throughout the depression the property of the Canadian National has been improved in its inherent efficiency. There is no considerable amount of deferred maintenance to be picked up and, from all of these points of view, we may look to the future with a degree of confidence. In the meantime the wise policy, as I see it, is to conserve the property.

Q. Mr. Hungerford, the main point that you make, as I have followed your submission, is that railway transportation is really an activity that is carried on

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

11987

in the public interest; that it is not primarily an activity for private profit. Am I right in that?—A. Well, I suppose it is both to a degree, but it partakes of the nature of a necessary public service.

Q. But your memorandum emphasizes, and I think perfectly properly, that considerations of public interest have affected the character of the Canadian National Railways and the character of the service that they give. I am right in that, am I not?—A. I think so.

Q. Now, really, the problem before the committee is how much the taxpayer can afford to pay for these transportation facilities. The more of them there are, of course, the better the public interest will be served, and I think I should perhaps first direct your attention to the situation in that respect. You will remember, no doubt, that in discussing this subject with you six years ago, the present Chief Justice of Canada in the course of the commission proceedings referred to the condition of the Canadian National and the Canadian Pacific in 1932 from a financial point of view as desperate. That was the expression he used. It is at page 2521 of the Proceedings of the Commission, and if you have not a memory of it I will refer you to it.—A. I remember a great deal of the proceedings, but not that particular item.

Q. It is just towards the end of the proceedings of the inquiry. What Mr. Justice Duff, as he then was, said in speaking to you, was this:—

> Of course, Sir Joseph has put it in such a way that there is no necessity whatever to repeat it. Of course, the economic situation is a desperate one. You can conceive of an economic situation where you would be told by the Government, well, there is no more money. Let us suppose that it is not so severe as that. There may be money expended for trestles and to keep the line in such a state of efficiency that it would permit the running of trains over it. In other words, to avoid the expenditure of money would really be criminality. Suppose the financial situation is such that there is no money for anything other than that, what would be the effect?

He was speaking about the economic situation then. And since 1931, which was the last year that was under consideration by that commission, it appears that the amount that has been contributed by the Government to the Canadian National Railways—you will find it at page 52 of these Proceedings—is 301·2 million dollars, or $50,000,000 a year. And I find that the total ordinary revenue of Canada during the same six years was 1,867·94 millions, so that the amount that went into the Canadian National is 16·13 per cent of the total revenue of Canada for those six years. Now, I should be glad if you would direct your attention to how far it is justifiable for Canada to spend some one-sixth of its total revenue in providing, in the public interest, transportation service by the Canadian National Railways.—A. Would you repeat the question, please?

Q. What I want to direct your attention to is the position presented by the fact that during the last six years since Sir Lyman Duff referred to the situation as desperate, 301·2 millions have gone into the Canadian National for deficits, or 16·13 per cent of the total revenues of Canada, the total ordinary revenues of Canada.—A. You mean the total wealth production?

Q. No, the total revenue, the total tax revenue. I was thinking of what this means in terms of taxes. For example, the total revenue of Canada for last year, when it was considerably higher than in any previous year, was $445,000,000, and $42,000,000 of that, or about 10 per cent, went into the Canadian National. In the previous year the revenue was $372,000,000, and the year previous to that it was $304,000,000; then it dropped into the $200,000,000 for the previous year. Now, really that is what the committee is concerned with. That is what the terms of reference of the committee are directed to. I was



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119968

thinking in terms of taxes. Suppose the tax burden of this country could be reduced by 16·13 per cent by the elimination of that obligation to meet deficits—
—A. My answer is that I know of no means by which it can be done.

Q. You see, it really comes home to all of us. If one-sixth of that $40,000,000 odd be taken off the income tax, it is, roughly speaking, 30 per cent of the total received. That is our real difficulty, Mr. Hungerford. It is not a question of particular figures; it is really a question of getting out of a very difficult situation here in Canada. Our whole war pensions are no more expensive than the Canadian National Railways.—A. After all, railway service is probably the most useful and efficient tool for producing wealth in the country, and the country unquestionably gets a very substantial benefit through the provision of this railway service.

Q. I agree. I concede at once that there are national advantages in running unprofitable railways. But the question is how far can this country afford that luxury?—A. Well, if relief is to be set up on the abandonment of the railway and the service entirely, you simply change the incidence of the burden. You would improve the railway situation, but the burden of supporting the people is transferred to other agencies.

Q. Let me call your attention to that interesting graph that the Bureau of Statistics furnished us and which appears at page 63 of the Proceedings. There you will find that the share of the economic results that has been obtained by the railway has been dropping ever since 1923, which is as far back as our figures carry us. What is going to happen?—A. Well, no one can predict what is going to happen, but one thing is very evident, and that is that the business of this country cannot be carried on without substantially the present volume of railway service.

Q. But can it be carried on with a volume of railway service which costs 10, 15 or 16 per cent of the total revenue of the country? It is a constructive suggestion that we really need. How are we going to get out of that difficulty? Sir Edward Beatty has put it quite clearly in his submission that ever since 1917, when the Drayton-Acworth report was made, there has been a continuous suggestion from certain quarters that were interested in national railway transportation, "Wait and see. We will do better some time soon." Yet, instead of doing better, we are actually faced in 1938 with a situation which is very much more serious than the one we were facing in 1917; very much more serious than the one in 1925 or in 1932. Now, what is your suggestion about meeting that situation?—A. Just exactly what it was before the Royal Commission.

Right Hon. Mr. MEIGHEN: Another Royal Commission.

The WITNESS: To carry on as economically as possible, to restrict capital expenditure.

*By Mr. Biggar:*

Q. You are doing that now, aren't you?—A. Yes. Then, persisting that.

Q. You are doing it as economically now as you can possibly do it, consistently with what the railway administration regards as public interest, is that not so?—A. Well, that question of the public interest is usually to a very large extent determined by the Board of Railway Commissioners.

Q. No, I do not think that is an answer to my question. That is the basis upon which you are operating the road, as economically at it can be operated?
—A. Yes.

Q. That is, as economically as it can be operated, consistently with your view of the public interest?—A. Yes.

Q. Suppose you had a different view of the public interest, could it be operated for less money, with less burden on the revenue?—A. It might possibly be, yes, it might be operated at a lower cost for the railway, but from my point of view it would be simply a transference of the burden.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

11969

Q. But is not that a political rather than a railway problem?—A. Possibly.

Q. May I call your attention to what your predecessor said to the Duff Commission, as it appears at page 1038 of our proceedings? He is quoted there as having said:—

> One of the inherent disadvantages of any state-owned enterprise such as the Canadian National Railway, is the problem of political interference—and one might also add, public pressure. In making this statement I wish it distinctly understood that I imply no criticism of any party or any government, present or past. I merely state a fundamental and universally admitted condition.
>
> The leaders of all political parties and the people of Canada as a whole are a unit in their desire to prevent political invasion of the Canadian National Railway. But the plain fact is that irrespective of such wishes and desires, the problem presents difficulties beyond the control of our leaders, be they ever so patriotic or high minded. After all in any form of popular government it must be accepted as axiomatic that the business of government is politics and, irrespective of whether one likes it or not, politics is something with which a government must reckon in all of its activities.

Now, is that not really the position, that it is the public interest and the political considerations which have determined the losses of the Canadian National?—A. No, I would not say that.

Q. That, in other words, it is the public interest which has determined the level of the service and which does now prevent you from making economies that if you were operating this line for private shareholders you would be absolutely obliged to make?—A. If you could get authority to do it.

Q. Exactly, if you could get authority.—A. If you could get it.

Q. But you cannot get authority now, because every time you seek to throw men out of work there is a political flurry?—A. Well, let me say one thing, if I may.

Q. Yes.—A. So far as the ordinary operation of the railway is concerned, it is carried on like that of any other railway, and, I think, with the same degree of efficiency. We are endeavouring to bring it to the highest state of efficiency, and we have made very substantial progress so far as that is concerned. But there is no question but what we have burdens to carry in the way of service that, judged by all past experience, we could not possibly get rid of if we attempted to do so. I could show you line after line of railway on which we provide a service at a loss, and I am sure that you would agree with me immediately that it would be quite hopeless to make an attempt or expect to be permitted to withdraw service from those lines. Recognizing that fact, the only thing that is open to the management of the Canadian National Railways to do is to provide the service that is insisted upon as being in the interest of the public upon those lines, and provide that service as economically and suitably as possible.

Q. I agree. I am conceding that whole situation. But it is a fact that if you were operating this line for private shareholders who were not able to supply $50,000,000 of a deficit every year, you would cut down expenses in a way that you cannot do under the present circumstances?—A. We would do so, Mr. Biggar, if we could get the power to do it.

Q. In other words, it is true that there are shops that you cannot close, because of the political storm that would follow—I do not care what government was in power. Whatever government was in power there would be a political storm if you, for example, made a change in your roundhouses at the Lakehead, or at Winnipeg?—A. No. It is quite possible that we have more trouble,





PRICE 11970

more representations and things of that kind, than a private company would; but in general and to a maximum extent carry on, I think, as an ordinary railroad would.

Q. But do you? I mean, for example, in the St. Henry election just this year, the question of the Montreal terminals and proceeding with them was an active political question, was it not?—A. I heard of it.

Q. There is no question about its having been discussed, and it was proposed that it should be carried on. I am not blaming anybody. It is a matter of course, is it not?—A. The railway management was not involved in that.

Q. No. That is just my point, that the railway management had nothing to do with it. It was done on behalf of the owners of the Canadian National. Now, what would happen, suppose that this was a private organization and it was not a question of operating this railway in the public interest at an expense of $50,000,000 a year?—A. My point with regard to that is that public opinion and public requirements would have to be considered, irrespective of whether there was unified management.

Q. I am not speaking about unification at all. Suppose that the Canadian National was not a government enterprise, it certainly could not be carried on on the present footing?—A. Certainly not.

Q. Private people would not put in $50,000,000 a year, would they?—A. No.

Q. Let us carry that just a little further. Suppose that there had been a company, private people, who had put in all the money that Canada has put into the Canadian National Railways, and suppose that it had been carried on in the same way until it had got to the present point and that then it just threw up its hands, and the owners would not supply any more money at all. I am just putting it to you on the supposition that Parliament said, "We cannot afford to pay one cent more." Now, what would happen to the Canadian National?—A. I think the Government would take it over, just as it did before.

Q. I put it to you, suppose the Government said, "We cannot pay any more money to the Canadian National," what would happen?—A. Well, you could not provide the service beyond a certain point.

Q. What is its value to private investors to-day?—A. I am sorry, I do not follow that.

Q. You put it yourself to the Royal Commission that the value of any enterprise depends on its earnings. The quotation that I am referring to is at pages 2527 and 2528 of the Royal Commission. Now, what is the value of the Canadian National Railways undertaking to-day, on the basis of its earnings?—A. That depends on so many different things. I could not give you an answer offhand in regard to that.

Q. You have not changed your opinion with respect to the value of any undertaking depending on its earnings, have you?—A. No.

Q. Well, now, take the Canadian National as an instance of an undertaking, the value of which depends upon its earnings. What is its value? What could you get for it if you went into the market?—A. Well, that is something that it is very difficult to answer.

Q. Well, Mr. Fairweather thought that railways were a drug on the market. Wouldn't you say that the Canadian National could not be sold for anything except a nominal sum?—A. Possibly so. I cannot conceive of a private interest buying the Canadian National and assuming its obligations at the present time.

Q. Of course, I am not speaking about any obligations. How much could it earn suppose it was sold free of obligations and the purchase money applied against the obligations? How much could private people afford to come forward and offer the Dominion of Canada for this railway enterprise?—A. I would like to give you an answer a little later on, sir, may I? I cannot tell you that.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

11971

Hon. Mr. DANDURAND: How much would a syndicate offer when in 1926 the Canadian National earned $40,000,000 above its operating expenses? What would it represent?

Mr. BIGGAR: Would it have bought on one year's record or on ten years' record? I looked at the statement appearing at pages 82 and 83 of the record. After all, the Canadian National organization was really put together in 1923, and you have got to allow a certain length of time to shake down.

Right Hon. Mr. MEIGHEN: The statute providing for its being put together was passed in 1921.

Mr. BIGGAR: The length of time that one gives an organization to shake down is just a question of judgment.

Q. Suppose one gives the Canadian National to 1927 to shake down. I am referring to part of Exhibit 26, at pages 82 and 83 of the proceedings, and I find that during the ten-year period the Canadian National's income before its fixed charges was $164,793,673, that is for the whole ten years. That means an annual amount of approximately $16,500,000, over and above operating expenses. Now, it seems to me that would not be an unfair way of getting at the value of the Canadian National, would it?—A. I would not think so.

Q. What would you think? I am only suggesting this because it is your view that we are after, not mine.—A. I am not trying to sell the railway.

Q. But you are trying to help this Committee to solve the problem of relieving the country from its extremely serious railway condition and the financial burden consequent thereto.—A. I tried to indicate the manner in which the burden could be lessened in the largest degree, having regard to the vital character of the public interest and service.

Q. But you have not dealt with the other point. How about this public interest business? I mean, is it not a little like a man who has an income of $2,000 a year trying to live in a house the rental of which is $1,800?

Hon. Mr. SINCLAIR: You are assuming, Mr. Biggar, the present control of freight rates?

Mr. BIGGAR: Yes. Mr. Hungerford has not raised the question of freight rates, but I suppose we shall have to speak to him about that before we finish.

*By Mr. Biggar:*

Q. What are we going to do about it, Mr. Hungerford? I do not want to press you to say what you do not want to say, but we have a real difficulty there, and that is what the committee is directing itself to.—A. In my opinion, considering the value of this railway service to the public and the influence that it has upon the production of wealth in the country, I think that what should be done is to continue as we are and to economize to the extent that public interest will permit.

Q. Who is going to determine public interest, members of Parliament in their respective constituencies, who are going to get into trouble if they are supporters of the Government and any economy is made in the Canadian National administration in their particular constituencies?—A. We try to strike a balance between what we regard as public need on the one hand and the necessity of operating as cheaply as possible on the other. As a matter of fact it is checked very largely by the board representing public interest.

Q. I am troubled really about that, because Mr. Fairweather when he was examined before the committee said he thought, difficult as he found it, in terms of national interest, not in terms of railway interest whenever he could. Is not that the danger, instead of this railway being operated as a railway, it is operated as a national public work, that is, consistently with what is at the moment regarded as being the public interest, and that extends, as Sir Edward Beatty





11972

put it, I think, throughout the whole organization of the Canadian National. Your job after all is to keep the Minister of Railways out of trouble; is it not?—A. Oh, no.

The CHAIRMAN (Right Hon. Mr. Graham): It does not always succeed.

Hon. MEMBERS: Oh, oh.

Mr. BIGGAR: No.

*By Mr. Biggar:*

Q. Is not that true of the whole organization?—A. I confess I find it very difficult to express my views exactly in regard to this, but let me illustrate in a way. The type of public interest I have in mind may be illustrated, say, by the operation of the Gaspé line. That line does not pay.

*By Hon. Mr. Dandurand:*

Q. Running from Matapedia station straight on through Gaspé?—A. Yes, sir. I do not know that it ever will pay. I do not see any prospect of it ever paying, and yet it was considered essential that those people should have railway service. If we were going to act on the broad principle of only operating those services that pay, putting them on the basis on which a private company might operate them, then every one of those services would be wiped out. But we know perfectly well we could not possibly withdraw services from lines such as that. The public would not permit it.

*By Mr. Biggar:*

Q. Another point occurred to me in regard to that. I find according to the statistical returns given in Exhibit No. 26, I think it is, the total passenger revenue of the Canadian National was $17,023,000 in 1936, which is only about less than half of this deficit. It struck me as an interesting comparison that the deficit on the Canadian National was more than double the total of what is put as passenger revenue. There is another figure of passenger train revenue of $31,000,000. I am not quite sure what the relation between them is. Perhaps you can tell me.—A. I do not know.

Hon. Mr. MCRAE: Colonel Biggar, in that connection, I think the freight and passenger business for last year would have to be advanced 25 per cent, and then would fall probably $2,000,000 short of the probable deficit. That gets it down to freight and passenger business together.

Mr. BIGGAR: Yes.

Right Hon. Mr. MEIGHEN: Without increase of costs.

Hon. Mr. MCRAE: Yes. You would still be short $2,000,000 of the deficit.

*By Mr. Biggar:*

Q. Then am I to understand your position is that you cannot suggest any way of meeting this situation at all except by this scheme of compulsory co-operation that you have suggested?—A. I think that having regard to the value of the service to the public it is in the best interests of the country to proceed that way. I may be egotistical in expressing a view of that kind, but it is my opinion.

Q. We have been told by Mr. Fairweather that the utmost that can be reached by compulsory co-operation is an annual saving of $10,000,000. It is not very clear whether the million and three-quarters already made was included in that or not, because Mr. Fairweather told us he could not break down the $10,000,000. The Canadian Pacific told us their view was that the total that could be obtained from any kind of co-operation was $11,000,000 odd, and from that is to be deducted the million and three-quarters. Does your view disagree with those?—A. With the amounts of the estimates?

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

11973

Q. Yes; that we cannot look from compulsory co-operation to economies of more than about $10,000,000 a year.—A. I have learned to distrust all estimates of that kind.

Q. Are you distrusting one more than the other?

*By Right Hon. Mr. Meighen:*

Q. What is your estimate?—A. As a matter of fact, I do not see how anyone can make an estimate accurately without investigating the whole situation. Without such investigation the figure is not an estimate; it is more or less of a guess.

*By Mr. Biggar:*

Q. My question is really this. You disagree with the views already expressed by several of the witnesses who have already appeared before the committee that the utmost to be hoped for in the way of economies from compulsory co-operation is about $10,000,000 a year.—A. I would not limit it to that, sir. I would not place any figure on it because there is not sufficient knowledge of the matter to warrant any figure.

Q. But we have had those estimates given to us very seriously. What would you replace them with?—A. They may be quite right, but I will not give an estimate in regard of them.

*By Hon. Mr. McRae:*

Q. Mr. Hungerford, you are strongly recommending to the committee compulsory co-operation. Surely you have arrived in your mind at some result which might be obtained from that compulsory co-operation?—A. Yes.

Q. I think the committee will be very much interested to have your opinion on that.—A. I think a substantial amount would be obtained, but just what that amount would be I do not think anyone can say.

Q. We are interested in what might result from the adoption of that compulsory co-operation.—A. I would say $10,000,000 is as good an estimate as could be prepared. I think it is somewhere in that vicinity, but I doubt whether anybody could be exact.

*By Hon. Mr. Black:*

Q. Just along that line I should like to ask a question. At page 1032 of the proceedings of this committee will be found Exhibit No. 76, which is a summary of Mr. Fairweather's discussion of Exhibit No. 49 before the Duff Commission. At that time Sir Henry Thornton, who occupied the position you now occupy, estimated a saving of $60,000,000 net per annum could be made. He did not give any particulars of that estimate, but taking Mr. Fairweather's submission at the time, his estimate was that a saving of $49,000,000 could be made. Then he went into particulars and said that it might be increased to $56,440,000. There is a great disparity between the estimates of savings in 1932 and 1938. I think Mr. Fairweather's estimated saving of $56,000,000 odd was based on a year of normal traffic. 1930 was not such a year. It is difficult for those of us who are trying to find a solution of the railway problem to reconcile the very great difference between the estimated savings made before the Duff Commission in 1932 and the possible savings submitted to this committee now. What would you say, Mr. Hungerford, about those estimates, first, that by Sir Henry Thornton of $60,000,000 and the other by Mr. Fairweather of a possible $56,000,000, both given before the Duff Commission in 1932?—A. The general attitude I took in regard to those estimates was the same as I take to-day. I said they were unrealizable. They were simply lists containing a great many figures and items that never would be realized at all. It is idle to expect they could be. Consequently an estimate of $50,000,000, $56,000,000, $60,000,000 or $75,000,000 is more or less unrealizable.





11974

*By Hon. Mr. Horsey:*

Q. Have you ever attempted an estimate yourself, Mr. Hungerford?—A. No.

*By Mr. Biggar:*

Q. That is what I was going to ask. The two estimates, particularly the estimate of $75,000,000 made by the Canadian Pacific, have been before the country now for about six years. It would have been possible, I suppose, to go over that work very carefully and check it and be prepared to express an opinion as accurately as any can be expressed on estimates of what amount could be saved?—A. I have grave doubts as to the ability of anyone to make a very accurate estimate in advance. A good deal would depend, don't you see, upon the extent of what you are permitted to do and how you are going to determine what that would be in advance. You could make an assumption, but you have no guarantee you would be permitted to go that far.

Q. Could you let the committee have a calculation of the kind of thing you act upon day by day, of what the position you think will be from year to year, say for ten years? Because we must plan for a considerable number of years ahead. I mean you have to make some assumptions about what you can and cannot do with respect to the Canadian National. For instance, you will have to make some assumptions about the level of traffic. But with those assumptions it ought to be possible to calculate approximately what the position of the Canadian National will be from year to year, say, from 1939 to 1948, so we may have something before us that you think the Canadian National can live up to.—A. We could make an estimate with, I think, reasonable accuracy if we could assume a certain level of traffic; but I do not know how we could reasonably forecast that at all, more particularly at this time of general world-wide disturbance. The whole thing depends upon how much revenue you are going to have, and that cannot be more than a conjecture. We will do it if you wish.

Q. I think if would be very useful to the committee to have something specific in the way of a prognosis of that kind.—A. May I add this, sir,—

Hon. Mr. DANDURAND: Would not the crops during the next ten years have to be computed?

*By Hon. Mr. McRae:*

Q. I presume that Sir Henry Thornton's estimate of $60,000,000 was based on a very carefully prepared statement. You, Mr. Hungerford, were in charge of operation at that time. Was not that built up similarly to the case of the C.P.R. here? You got the information through the different departments.—A. Frankly, I do not know how it was arrived at.

Q. Were you not ever consulted about it?—A. No.

Hon. Mr. MORAUD: Is it possible to make that estimate? It is all very well to give large figures to the public, but first of all we should know whether it is possible to reach some sound figure.

Mr. BIGGAR: Mr. Hungerford says he can do it, except for the level of traffic.

The WITNESS: If you assume gross earnings.

*By Mr. Biggar:*

Q. It might be based on two or three alternatives. Perhaps your opinion is no better than anyone else's with regard to world-wide movements of trade; therefore it might be done on two or three alternative bases. But there is another thing of the same kind which gives me a little difficulty. Having regard to that chart, Exhibit No. 24, it is at least possible that the railways, instead of being able to obtain the present level of traffic and revenue may have less, isn't it?

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1 19973

You will remember that in 1932 everybody who had to do with the Duff Commission thought you were at the bottom of the depression, that nothing could be worse than the condition you were then facing and that in six months or a year you would be back on top of the wave, like you were in 1928. Now, suppose, instead, that the other thing happens, and that we go down now—and, as a matter of fact, there is some reason for thinking we may be going down, because the returns for the first three months of this year are not as good—

Hon. Mr. HAIG: Four months.

Mr. BIGGAR: I have the figures for only three months. They indicate that the Canadian National failed to earn operating expenses.

Hon. Mr. HAIG: I was going to ask if these figures could not be brought up to the 1st of June. I saw figures in the press on Saturday up to the 7th of June. They showed that the gross revenues of the Canadian Pacific for the week were down 11 per cent this year, and that the figures for the Canadian National for the same period were down 17 per cent as compared with last year.

Mr. BIGGAR: The only reason I do not put in the documents is that they are quite elaborate.

Hon. Mr. HAIG: The Ottawa Journal on Saturday gave that information.

Mr. BIGGAR: I got the figures from the Statistical Department this morning.

The CHAIRMAN (Right Hon. Mr. Graham): Mr. Hungerford was trying to say something.

The WITNESS: I just want to explain for Senator Haig's benefit that the figures published are the figures of the gross earnings statement, which is issued week by week; but there is nothing published in that way in respect of the expenses. The expenses are out somewhere about the 20th of the following month, and are given for the full month.

*By Mr. Biggar:*

Q. According to the figures I got from the Bureau of Statistics, the Canadian National System failed to earn its operating expenses for the first three months of this year by $5,652,000, of which $4,559,000 is attributable to the Canadian National Canadian lines, so there is a possibility that we may not have as much revenue as we have had in the past five years. Now, what is going to happen to the C.P.R. under those circumstances?—A. You have their statement that they can carry on.

Q. That is perfectly true, but what I am really putting to you is this. It is not a question of whether we have unification or not, but we cannot exclude from the consideration the possibility that we may have to have unification after the Canadian Pacific has got into trouble, and not before. Is not that a possibility? —A. I suppose all things are possible. I cannot quite contemplate it myself.

Q. Can you count on going on indefinitaly with a national enterprise, supported to the extent of many millions a year, in competition with a private enterprise which has no such resources? Are there not bound to be waves of depression which at some time are going to swanp the boat that has not got this aid?

Right Hon. Mr. MEIGHEN: Or both.

*By Mr. Biggar:*

Q. Or both.—A. Of course, things of that kind may be possible. I am one of those who believes that this country it going to grow. It is growing now.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Newspaper
1 Million
economies

119978

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119977

*By Right Hon. Mr. Meighen:*

Q. I notice that on page 22 of your submission you get down to figures. We want to understand them. I read one sentence. You say:—

> It is a really remarkable fact that last year the national income exceeded the national outgo by over 500 millions of dollars and, in consequence, Canada, as a people, actually reduced its debt to the rest of the world and added to its store of wealth.

I presume the $500,000,000 is the excess of exports over imports.—A. All factors are involved.

Q. Just what are the factors? I thought it was simple. Maybe it is not. —A. May I ask Mr. Fairweather to read the items? We have them here.

Q. I was going to ask you. Can you tell us how you made up that $500,000,000?—A. That is made up from information from the Dominion Bureau of Statistics.

*By Hon. Mr. Robinson:*

Q. Is that the calculation of the Dominion Bureau of Statistics?—A. It is taken from that.

Hon. Mr. HAIG: Let him tell us what it is.

*By Right Hon. Mr. Meighen:*

Q. Give us a few of the items anyway, if it takes too long to give them all—A. Well, here is commodity exports $947,000,000, less commodity imports $625,000,000; net gold export $131,000,000; tourist expenditure in Canada $255,000,000, less the estimated expenditure by Canadians elsewhere, less net freight payments on exports and things of that kind, capital expenditure. There is private construction performed.

Q. What?—A. Private construction performed; not building contracts issued, but reported by trade and general contractors for private account, $143,000,000.

Q. Is that called income?—A. That would be capital surplus, I suppose.

Q. Private construction, and you put it in income?—A. It is simply an accumulation of wealth.

Q. Good gracious: You don't mean to say you have the amount put into construction in the income of the country?

Hon. Mr. BLACK: I suppose the money was all borrowed for it.

Right Hon. Mr. MEIGHEN: It does not matter. It is not a receipt in any sense on earth. You have included money that people have put into houses as income, but you say we have reduced our debt. How much have we reduced our debt to the outside world? $500,000,000?

Hon. Mr. MURDOCK: Does not the report of the Bank of Canada contain that item?

Right Hon. Mr. MEIGHEN: We never reduced our debt $500,000,000.

The WITNESS: Paid, bond maturities held abroad, $145,000,000.

*By Right Hon. Mr. Meighen:*

Q. What is that? I cannot hear you.—A. I am sure it would be much more intelligible if we let you have the statement.

Q. What I am getting at is this. You have made this statement to us, and have told us in these words that our national income exceeded our outgo by $500,000,000. No doubt sales of goods are properly included as part of the income, less the purchase of goods. But you gave investments in houses, so I do not see how you get your $500,000,000 as a difference. Do you maintain that we have reduced our debt to the outside world by $500,000,000?—A. No.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1 19978

Q. Then, by how much?—A. The increase in wealth was $500,000,000.

Q. You do not say that. You say we have reduced our debt. I want to know how much we reduced our debt to the outside world in 1937.

Hon. Mr. ROBINSON: As I understand it, this is a calculation of the Bureau of Statistics.

Right Hon. Mr. MEIGHEN: No, this is his interpretation of something, and I want to get at the common sense of it.

The WITNESS: The net change in bonds and securities held abroad is $156,000,000.

*By Right Hon. Mr. Meighen:*

Q. Do you mean to say that we have changed our debt by that, because there is a net change in bonds held abroad?—A. That is part of it.

Q. You do? Then I will stop.

*By Hon. Mr. McRae:*

Q. Have you taken into that account the interest which private companies paid?—A. I think we have taken all factors in.

*By Right Hon. Mr. Meighen:*

Q. And the net reduction is what?—A. Well, I—

Q. You don't know.—A. It all depends on how you look at it. The conclusion is, anyway, whether the figures are right or wrong—

Q. What is the net reduction of debt?

Hon. Mr. DANDURAND: We should perhaps allow the witness to examine into these figures, and to give them exactly when we return at half-past three.

Right Hon. Mr. MEIGHEN: Mr. Fairweather might be prepared to give them.

Hon. Mr. MCRAE: May I suggest to this statement that has been arranged for—we have endeavoured to bring down the C.P.R. estimates to 1937—that by collecting them we can pretty well apply 1937 to 1930 with reasonable accuracy. He could base this statement on 1937. We then should have something to go on, instead of going over several years. Take the operation for last year; how much would the saving be under enforced co-operation on the basis of last year's operation?

Mr. BIGGAR: Assuming the same level of traffic?

Hon. Mr. MCRAE: Yes. We should have something to compare then.

Hon. Mr. HAIG: On page 22 of the memorandum read by Mr. Hungerford this morning there is this statement:—

> At the moment we face a situation of increased railway costs and decreased railway traffic and admittedly this is a serious matter . . .

I should like the figures up to the 30th of April this year, of expenses and net earnings, compared with 1937.

The committee adjourned at 1.05 p.m., to resume after the Senate rises this afternoon.



1 19979

The committee resumed at 4.35 p.m.

The CHAIRMAN (Hon. Mr. Beaubien): Gentlemen, are you ready to proceed?

Mr. S. J. HUNGERFORD reappeared and took the stand.

*By Mr. Biggar:*

Q. Mr. Hungerford, I have had an opportunity during the adjournment to read over your memorandum of this morning, and I think perhaps I can put the point that you are making quite shortly. The first point, as I understand it, is this—I am using practically the words of your memorandum—that the Canadian National is being operated as efficiently as it can possibly be operated, consistently with the public interest?—A. I think that is right, sir.

Q. And that public interest is really determined by the public as represented by the Government of the day?—A. In its larger aspects.

Q. And the duty of the railway administration is, subject to that determination, to operate that railway at the minimum possible expense?—A. Correct.

Q. Now, if then as a matter of public policy more expense is being incurred than might be incurred from a strictly railway point of view, that is really a matter for the public, as represented by the Government of the day, rather than for the railway administration, to whom the actual day-to-day conduct of the railway is being entrusted?—A. In a sense that is correct, sir.

Hon. Mr. DANDURAND: Could you not enlarge upon that expression, "the Government of the day"? The Government is but the executive of Parliament.

Mr. BIGGAR: Yes. Well, "Parliament" is perhaps more accurate.

Q. If that is so, it seems to me that perhaps it is true to say that a national undertaking of this kind differs from a private undertaking in this, that in the case of a private undertaking the administration does two things: it actually operates the undertaking and it determines, by recommendation at least, the policy that is to be followed?—A. Yes, that is correct.

Q. Whereas, in the case of a national undertaking the actual administration is done, as it were, by one body, the railway administration, while the determination of policy is done by Parliament or the Government?—A. Well, again, in its larger aspects that is correct.

Q. Now, when you compare the proposal that has been made by Sir Edward Beatty with the present situation, what you are really comparing is an administration as now of the Canadian National, dealing with the administration of the railway, and an administration that determines not only how the railway is to be operated but also what its policy should be?—A. Yes, if I follow you correctly.

Q. In other words, that the determination of the general policy is not necessarily, under the new circumstances, in what we have been describing as a public interest, but in what I think Mr. Fairweather described as the narrower railway interest?—A. I think that is correct.

Q. Quite independently of that, I suppose that your view would be that monopoly, even in a national administration, where there was this divergence of function between the actual administration and the determination of policy, would have its dangers?—A. I am afraid I do not follow that, sir.

Q. Would you think that a national monopoly had its dangers? I mean, suppose that something happened so that the people of Canada had to take over the administration of the Canadian Pacific as well as the Canadian National and form it into one organization, there would be some dangers of monopoly, would there not?—A. Possibly so. Personally I do not like a monopoly.

Q. But even in that form, that is what I mean.—A. Yes.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1 1 9980

Q. And there would be also the dangers of the lack of stimulus of competition, in exactly the same way as there would be under unification, in the sense that Sir Edward Beatty has put it forward?—A. Well, if the spirit of competition was eliminated, there would probably be the same background that I think would be the case.

Q. But when you come down to the essence of the thing, the real difference between the present situation and the situation as it would be under unification is this, that half or rather more than half of the railway mileage in Canada is now operated under a policy that is determined by reference to the public interest?—A. I think that is correct, sir.

Q. While the other part of it is determined by an administration that is really concerned with the railway interest primarily?—A. Quite right.

Q. And that if the change came about that Sir Edward Beatty has proposed, what you would have would be all the railways substantially in Canada operated from the point of view of the narrower railway interest?—A. Well, certainly narrower, but I do not think to the full extent.

Q. But certainly a narrower railway interest?—A. Yes.

Q. And would you think that the dangers of monopoly and the absence of the stimulus of competition would be greater or less under those circumstances than in the case of a national railway including all the railway lines?—A. Well, I do not think that there would be a great deal of difference There might be some, but perhaps not a lot.

Hon. Mr. COTE: Mr. Biggar, would you ask that he means by "public interest" as distinct from what you refer to as the narrower railway interest?

Hon. Mr. DANDURAND: Would you not have that definition in the directions given by the Board of Railway Commissioners? That Board has to examine into the public interest when a proposition is made to them.

Hon. Mr. COTE: I don't think we would find the definition there. The only object of my question is to get a definition in relation to some function of the railway under the head of "public interest" as distinguished from what Mr. Biggar refers to as the narrow concept of a railway as a transportation system.

*By Mr. Biggar:*

Q. It is really covered, Mr. Hungerford, by your memorandum. What we have been using the expression "public interest" to means is, as I understand, the provision of such service as is necessary for local areas to carry on as they are, notwithstanding that such service may not return a profit?

Hon. Mr. HORSEY: Yes. He illustrated it this morning by the Gaspé situation.

The WITNESS: I would like to say, sir, that it is common knowledge that we are carrying on with the consent of everyone the operation of a great many lines of railway which are not profitable in themselves, and if we were operating on a profit basis we would desire to eliminate those lines. But inasmuch as this organization was created in the first instance to carry on, to provide service on lines of this character that could not support themselves, we always assume that it was the policy that was desired. It has been approved, I think, by each succeeding government to a degree, and it appears to be the viewpoint of the people of the country that that is what they want, as I understand it.

Q. And that would be true too of the maintenance of more roundhouses and shops than are strictly necessary from a railway point of view?—A. Well, that is rather a different question, and a good many different features are involved in regard to that.





1 1 9981

Hon. Mr. MURDOCK: Here, Senator Cote, is what President Hungerford said this morning.

> Public interest is properly and primarily concerned with the use of the railway property for purposes of national development and national policy; private interests are primarily concerned with profits and dividends.

Hon. Mr. COTE: Yes; but he was referring to operating a line which was not a paying proposition, and he put that under the heading of public interest. The private company does that to; the C.P.R. is operating lines which do not pay.

Mr. BIGGAR: Not to the same extent.

Hon. Mr. COTE: They have to continue to operate those lines because they cannot close them without the consent of the Railway Board. To the extent that they are continuing the operation of lines which are not producing a net revenue they are also serving the public interest.

Hon. Mr. MURDOCK: But the Board of Railway Commissioners say they must not abandon those lines because it would not be in the public interest for the Canadian Pacific to do so.

Hon. Mr. COTE: But the extent that they do not abandon those lines they are serving the public interest too.

Hon. Mr. DANDURAND: They are limited by the decisions of the Railway Board.

Hon. Mr. COTE: Yes.

*By Hon. Mr. Haig:*

Q. If the people of Canada did not own the Canadian National Railway, and the system was owned by yourself, what economies could you put into effect to make your expenditure equal your income?

The CHAIRMAN (Right Hon. Mr. Graham): They do.

Hon. Mr. HAIG: Oh, no. They have to pay the bond interest on the road the same as anybody else has to.

Hon. Mr. MORAUD: But they are in a different position. They had to take over those lines.

Hon. Mr. HAIG: That is not my question.

Hon. Mr. MORAUD: That is your question.

Hon. Mr. HAIG: No.

*By Hon. Mr. Haig:*

Q. I want to know, Mr. Hungerford, if you had not the public purse to draw on, and had to run your road as the Canadian Pacific run theirs, and keep out of bankruptcy, is there anything you could do to prevent the road going into bankruptcy if you had to do what the Railway Commission compels you to do, the same as the C.P.R. The Canadian Pacific can do only certain things because the Railway Commission will not permit them to do anything else.—A. There is a degree of similarity in that respect between the two roads. The outstanding feature, however, is that the Canadian National was constituted originally out of a lot of lines that were not self-supporting. The private interests that ran them failed, and the Government had to step in and take them over in order to provide service. Apparently it was felt to be essential to the public interest to provide that service.

Q. You have not so far this morning or this afternoon suggested any savings at all. Mr. Fairweather told us he estimated $10,000,000. When Sir Henry Thornton appeared before the Duff Commission he estimated I think a saving

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

11 9882

of $60,000,000, and at that time Mr. Fairweather gave an estimate of $56,000,000 based on normal traffic of 1931. Can you give us any savings that you can make at all, leaving out any question of public opinion? The only opinion I want you to consider is what the Railway Commission will make you do; nothing else.

Hon. Mr. COPP: He cannot say in advance.

Hon. Mr. HAIG: He can tell that.

The WITNESS: It would depend altogether on what the Railway Commission would permit us to do.

*By Hon. Mr. Haig:*

Q. You know what they will permit you to do. The law is the same for you as for the C.P.R.—A. As you know, we have applied for permission to abandon a lot of small branch lines that in our opinion had outlived their usefulness, and we got permission to abandon about one-half; the others were refused. Under those conditions it would seem to me to be quite hopeless to apply to the board for permission to abandon anything more important and more useful and more productive in the way of traffic than the lines which we did include in that group for which we asked permission to abandon.

Q. In your opinion no other savings can be made?—A. Oh, yes, certain savings can be worked out by co-operation.

Q. What are those?—A. In certain places where there are lines closely parallel to each other. There are places—

Q. Tell us where they are. We compelled the other side to tell us where theirs were. Now, what is your suggestion of where savings can be made?—A. I have read the evidence myself and have not found any except line abandonments.

Hon. Mr. MCRAE: Colonel Biggar, I think I can put the question in another way.

*By Hon. Mr. McRae:*

Q. Mr. Hungerford, can you give the committee roughly an estimate of the extent to which your earnings are affected by what we would call extra national service?—A. I am afraid, senator, I could not answer that off-hand. That would require some investigation.

Hon. Mr. ROBINSON: It is not the earnings, it is the original organization.

Hon. Mr. MCRAE: But the earnings are affected by this extra national service.

*By Hon. Mr. McRae:*

Q. Let me give you these figures. The Canadian Pacific Railway contemplated abandonment of 5,000 miles, and the Canadian National 2,200 miles. I think roughly that was three-fifths Canadian National and two-fifths Canadian Pacific Railway, as I remember it. Now, without any abandonment whatever the Canadian Pacific Railway's $75,000,000 savings would be reduced by 10 per cent, $7,500,000, of which three-fifths would be applicable to the Canadian National, about $5,000,000. Is it fair to presume that on account of this extra national service you are expending about $5,000,000 more than you probably would if you were running the system strictly on a railroad basis?—A. Well, it would have to be a pure conjecture on my part at this stage.

Q. I know it would be just an estimate, but I want to correlate those two situations.—A. No, sir, I don't think I could give you an estimate at this time.

Q. Then do you think, if there was no abandonment made of the 5,000 miles, the $7,500,000 would cover the deficit cost of operating that 5,000 miles?—A. No.

Q. You don't think that figure would be it?—A. No, I would not think so off-hand.





11 9883

*By Mr. Biggar:*

Q. I understood, Mr. Hungerford, your view was that you were not prepared to discuss specific figures with regard to specific possibilities until you had had an opportunity of having every single factor that entered into the figures closely examined for the purpose of determining how accurate it was? That is what I understood your position to be.—A. I do not know that I have said that, sir, but I think that would cover the position to-day.

Q. That is what I understood. But may I go back for one instant to that question of public interest—

Hon. Mr. HAIG: Before you do that, Mr. Biggar, I want to ask a question. The Railway Commission says what can be done by any railroad in regard to abandonment of lines and that sort of thing. Now, what service does the Canadian National give that by law they do not have to give? That is what I am trying to get this witness to say.

Mr. BIGGAR: I do not suppose Mr. Hungerford can possibly go over the whole system.

Hon. Mr. HAIG: No; but he should be able to give a specific illustration of any service they furnish the public that they would not have to furnish if they did not want to.

Mr. BIGGAR: As a matter of fact, Mr. Hungerford first put it in the memorandum he gave us this morning. At page 11 he said:—

> It is to be regretted that the Canadian Pacific has not given the details of the proposed curtailment of services and what shops, terminals, division points, round-houses, stations, etc., it is proposed to abandon. The extent to which public interest is adversely affected may be gauged by this reluctance to give the details of just what is contemplated in the unification plan.

Hon. Mr. HAIG: That is not what I mean. He speaks of public service as if the Canadian National had to do something on their system that the Canadian Pacific Railway did not have to do. What is that thing?

The WITNESS: All right.

*By Hon. Mr. Haig:*

Q. That is what I want to know.—A. For instance, the National Transcontinental.

Q. You have to run it?—A. Yes.

Q. But the Railway Commission would not allow you to abandon it anyway?—A. No.

Q. You have to do that by law. But what else do you do that you do not have to do?

Hon. Mr. MORAUD: Did you not get those things?

Hon. Mr. HAIG: No.

Hon. Mr. MORAUD: He illustrated that by the Gaspe line. That is a line which was forced on the Canadian National and they have to operate it at a heavy loss, just for the public interest.

Hon. Mr. HAIG: But they do not have to do it on account of the public interest; they have to do it because the Railway Commission compels them to do it.

Hon. Mr. MORAUD: No, no.

Hon. Mr. MURDOCK: No.

Hon. Mr. HAIG: They could not abandon that line.

Hon. Mr. MURDOCK: A number of those lines were made part of the Canadian National not by action of the Railway Commission.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

11898-4

Hon. Mr. HAIG: That is true to a great extent. They operate the Gaspe line, and they cannot abandon it without the consent of the Railway Commission.

Hon. Mr. MURDOCK: That is right.

Hon. Mr. HAIG: And the Railway Commission would not now allow them to abandon that line. But the other railroad is in the same position.

Hon. Mr. ROBINSON: No. The Canadian National have to operate all the railroads taken over by the Government.

Hon. Mr. HAIG: The Railway Commission makes them do so.

Hon. Mr. ROBINSON: That is public service. If the Government had not taken those lines over the Canadian National would not have to operate them.

Hon. Mr. HAIG: But the C.P.R. do the same thing.

Hon. Mr. MORAUD: Not at all.

Hon. Mr. HORSEY: Not to the same extent.

*By Hon. Mr. McRae:*

Q. Colonel Biggar, I want to get this thing boiled down at little. The 2,200 miles which the Canadian National contemplate abandoning, and which, I presume, Mr. Hungerford, would include 1,500 or 1,200 miles of your own lines, was on the basis of not depriving any necessary public service, was it?—A. Speaking from memory, the figures relate mostly to closely parallel lines. I am speaking from memory entirely.

Q. That could be abandoned without any serious interference with the public service?—A. I do not say I endorsed that recommendation which was submitted by the Canadian National to the Royal Commission at that time, because I do not recall at the moment whether I endorsed it or not. I do not think I did. I certainly would want to look over the items before expressing an opinion on them.

Q. I am trying to get those things correlated, Mr. Chairman. Here is 2,200 miles of railway that the Canadian National agreed to abandon. That, I take it, was without depriving the public of necessary service. If we could tie onto that and get some estimated saving from that source, the committee would be getting somewhere.

Hon. Mr. BLACK: Then we have the illustration, Messrs. Joint Chairmen, of that matter suggested by Colonel Biggar, of what is supposed to be abandonable by the C.N.R.

Hon. Mr. DANDURAND: I think, Mr. Fairweather was of opinion that 1,000 miles would be the maximum.

Mr. BIGGAR: Approximately I think it is.

Hon. Mr. HAIG: We have the C.P.R. abandonment proposal to the Duff Commission. Where is the C.N.R. proposal made to the Duff Commission?

Mr. BIGGAR: That is what we are waiting for.

Hon. Mr. ROBINSON: What is the use of continuing to harp upon the $56,000,000 C.N.R. saving, when the C.N.R. disclaim any such thing? It was on the basis of doing things which they say cannot be done.

Hon. Mr. BLACK: Is not that, Senator Robinson, what we are trying to get at? The object of the committee is to discover some means whereby this burden may be reduced. We were told by Mr. Fairweather that no further co-operation could be effected or very little more without compulsion. I should like to know what in the way of compulsion this committee may have to recommend. We may not get anywhere with it, but if it is a matter of compulsion to get further economies, then in the final analysis we are certainly entitled to know what the C.N.R. think they can abandon if this compulsory cooperation is brought into execution.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

[ ] 9985

Hon. Mr. MURDOCK: Mr. Chairman, may I read two paragraphs here which, it seems to me, cover conclusively the point we are talking about. They will be found at the bottom of page 12 and the top of page 13 of Mr. Hungerford's submission:—

> Most of the economies which are realizable in a practical sense, in that they relate to economies which can be really made effective without unduly impairing the public interest, will be found upon examination to be obtainable under the principle of co-operation, and the country need not incur all of the unknown perils of unification in order to obtain these economies.
>
> It is entirely feasible under co-operation to arrange for the abandonment of one of two closely paralleling lines of railway where public interest is not adversely affected. It is feasible under co-operation to make arrangements for joint stations and terminals where an economy is indicated. It is feasible to arrange for the handling of one company's traffic over another company's line. It is feasible to eliminate duplicate competitive passenger train services to the extent justifiable in the public interest. It is feasible to deal co-operatively with ancillary services. Types of all of these economies have been explored and have been demonstrated as entirely practicable and workable.

It seems to me that covers the point Senator Haig was inquiring about.

Hon. Mr. HAIG: For five years these two railways have been trying to co-operate. Mr. Fairweather told us, and the witness tells us again, that we have to have compulsion to do it. Now, I want to know what savings could be made under compulsion.

Hon. Mr. HUGESSEN: Is not that a little unfair, Mr. Chairman?

Hon. Mr. HAIG: No.

Hon. Mr. HUGESSEN: Will you allow me to make an observation? Sir Edward Beatty read a general statement. He did not go into detail, but left that to his officers. I imagine Mr. Hungerford will do the same thing, and will leave the details and suggestions for compulsory economies to his officials.

Hon. Mr. MCRAE: Sir Edward Beatty did tell us in the aggregate what the saving would be, very definitely.

Mr. BIGGAR: It is fair to remark that Sir Edward Beatty had had made by his officers, in advance, what he regarded as a very comprehensive and penetrating study, whereas Mr. Hungerford has told us he has had so such study made and does not want to express any opinion about it.

Hon. Mr. MCRAE: But he recommends very strongly to this committee that we should endorse compulsory co-operation. What Senator Haig is trying to get at is the saving that is going to be made.

Mr. BIGGAR: He has told us he cannot help us on that.

Hon. Mr. MCRAE: He has made a recommendation, and it must have some basis.

Hon. Mr. MURDOCK: It is true that Sir Edward indicated that we could save $75,000,000; but there are 792 railroad presidents and boards of directors in the country immediately adjacent to us who guessed the same thing in the operation of certain railroads which finally went into receivership. The dear old Erie did so three or four times because of a guess, an estimate made by a president and a board of directors who optimistically hoped for things that they were not able to bring about.

Hon. Mr. HAIG: That still does not answer my question. This gentleman recommends compulsory co-operation. Under that what saving can he make? If he says he cannot answer, let him tell me who can, and I will see that he is called.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119986



Mr. BIGGAR: He has told us he was not going to disagree with the estimate already made of about $10,000,000.

Hon. Mr. HAIG: Well, let him say—

The WITNESS: May I say this by way of explanation? Without a complete investigation extending over a long time, and specifying the points that you have dealt with, and without analyzing every possible item and studying it through to a conclusion, you could not make an estimate that would be accurate. You can make some kind of a guess—

Hon. Mr. HAIG: Let me call attention to the fact—

Hon. Mr. ROBINSON: Let him finish.

The WITNESS: What I tried to say, and intended to say, was that it was my opinion that practically all the savings that could be made effective with the consent of the board or either party under unification could be made effective under co-operation. Just the extent to which that would go I am not prepared to say. I do not know, and I do not think anybody else knows; and if anyone quotes a figure it can only be at most an intelligent guess.

*By Mr. Biggar:*

Q. Would you really go as far as that without this inquiry, that all the expenditures that could be saved by unification could equally well be saved under co-operation?—A. Not quite all. There would be a difference, in my opinion, largely in respect of the cost of the supervising staff generally. Under unification some saving might be made in that regard. So far as the use of facilities or the abandonment of facilities and services is concerned, I think as much can be done under co-operation as under unification. As I said before, I think something could be saved by unification in the way of official set-up. In my opinion the amount that would be saved in that respect would be offset, however, by let-down in the organization.

Q. I do not want to lead you into a discussion of details that you are not prepared to deal with, but I understood you to say that you were not able to express an opinion with regard to the view that the limit of savings under co-operation was about $10,000,000.—A. Again I have to say that that might be considered a reasonably intelligent guess, nothing more.

Q. I need not bother going into details, then, as to the difference between consolidation and co-operation. There is just one other point I thought it was fair to call attention to. You speak in your memorandum, on page 6, and again later, of your experience in connection with consolidations, and say that large scale economies are not produced according to your experience. Now, it is true, is it not, that your experience of consolidation has been under Government ownership, national organization?—A. Yes, that is right.

Q. I think that is all.

Hon. Mr. HAIG: I asked for some returns.

Mr. BIGGAR: They are in course of preparation. I am getting them.

*By Hon. Mr. McRae:*

Q. Possibly, Mr. Hungerford, you would give us your idea as to why voluntary co-operation during the last four or five years has accomplished so little?—A. I think there are a good many factors involved. One of the difficulties was that in the first instance, when we started, we had no experience as to how to organize or proceed to handle this work on a more or less formal basis. We made some false starts and used up a great deal of time in that regard. Then later on, for a time, we seemed to make pretty good progress; then we seemed to get more or less into the position of, "I won't do this unless you do that," and altogether it is a very difficult matter to analyse and determine.



119987



I thought at the beginning that the machinery set up for the purpose was complete and adequate, but after struggling with it for a considerable time I came to the conclusion that there should be a representative of the public introduced into the work in order to ensure that proper progress would be made and a determination reached. I am sorry that I cannot give you a more definite explanation than that, but it has proved quite a difficult thing.

Q. Naturally you were quite disappointed in the results?—A. Frankly, I was. As I said before, I thought the machinery planned for the purpose originally—although it was not my suggestion—would be adequate for the purpose. And I think it was, to a point; but in my opinion we found an element lacking.

Q. For all practical purposes you have gone about as far as you can go with voluntary co-operation, haven't you?—A. I would think so, unless there was a determination on the part of both railroads to go at it again energetically.

*By Right Hon. Mr. Meighen:*

Q. You could have made the arbitration compulsory at any minute you wanted to all through these years?—A. Quite so; but apparently there was a reluctance on the part of a good many people to incur the odium of doing what was an unfriendly act, or something of that kind.

*By the Chairman* (Hon. Mr. Beaubien):

Q. If there were a third party standing between the two railways to constrain them to certain economies, in your opinion should that party have the right to initate the economies to be made?—A. Yes, sir. In my opinion the third party, the chairman of this body, should have the right to initiate the consideration of any question, any suggestion that might come to him in the way of a co-operative measure.

Q. And therefore you consider that he would be instituting the study of both lines, substituting for both boards, and intimating where the economies should be planned. Do you think that would be quite right?—A. I do not quite follow that, sir. I am sorry.

Q. If that party had the initiation of all the economies to be made, then he would have the responsibility of examining both railways and pointing out where those economies should be made.—A. Yes. My suggestion was that the board consist of three members, one nominated by each of the railways, and one nominated and appointed by the Government, the chairman to have the power to initiate any investigation and pursue it and push it to a definite conclusion. I do not know just exactly what legal provision would be required, but that is my thought as to how it should function.

Q. And in that case surely both railways, the representatives of each railway, would suggest the economies to be made.—A. Oh, quite; the suggestion might come to the board from any member.

Q. And then the arbiter would decide?—A. Yes, sir.

Q. Haven't you got that now?—A. No, sir.

Q. I cannot understand. What is your arbitral tribunal for?

Right Hon. Mr. MEIGHEN: The arbiter is not selected by the Government but by the chairman of the railway commission. If he is selected by the Government you will have two one way and one the other.

*By the Chairman* (Hon. Mr. Beaubien):

Q. What is your opinion of the arbitral tribunal now?—A. The arbitrator is to plan and pursue all of these studies and bring them to a conclusion. If they are accepted by the two railways they are to be made effective with the permission of the Board of Railway Commissioners. if their permission happens to be necessary. If not they can proceed without that. But if there was a



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119988

dispute and a disinclination on the part of one of the railways to make the measure effective there should be an appeal, and in my opinion it should be automatic and should not be left to the initiative of any of the railways.

Q. And you do not think that would be duplicating your arbitral tribunal? —A. No, I do not.

Q. Both railways now have the right to initiate economies?—A. Yes.

Q. If they do not agree, they call in the arbitral tribunal?—A. Yes, but there is more than that.

Q. And then the arbitral tribunal decides. Is that right?—A. That is what it is supposed to do.

Q. I cannot see very much difference between that and the proposition you have just made.—A. The arbitral tribunal was only designed to settle disputes when there was disagreement between the parties.

Q. That is the function of the arbitral tribunal now?—A. It is not an arbitral tribunal. My suggestion of the commission is along the lines of the conciliation board under the Industrial Disputes Investigation Act, except that it would not be appointed for a specific case, but for a specific period of time, to deal with all cases.

*By Hon. Mr. Moraud:*

Q. With the right to initiate?—A. Yes.

Right Hon. Mr. MEIGHEN: But the very men to initiate that have to initiate now.

Hon. Mr. MORAUD: Now the railway has to go to the Board.

Right Hon. Mr. MEIGHEN: But the railway representatives would be on this board of three, and they could say, "We three members of this Board have to bring about a conclusion." That is exactly what they have a right to do now.

Hon. Mr. MORAUD: Except that under the new scheme the chairman of the Board could force action.

Right Hon. Mr. MEIGHEN: No, he could not.

Hon. Mr. MORAUD: If Parliament gave the power to initiate.

Right Hon. Mr. MEIGHEN: But the representatives of the railways would have to agree.

Hon. Mr. MORAUD: Not necessarily, because the chairman of the Board would have the right to force the matter.

Right Hon. Mr. MEIGHEN: That is not the suggestion in this memorandum.

Hon. Mr. MORAUD: It should be.

*By the Chairman* (Hon. Mr. Beaubien):

Q. Do you think it would be quite proper for this third party to set aside your judgment, to go about your own road and come back and tell you that you have to make economies? Do you think he would be better qualified than yourself and your board to do that?—A. Well, if I understand your question, sir, that implies the setting aside of the provisions of the existing Act. Perhaps I do not understand your question.

Q. I am discussing the power to initiate that the arbitrator would have in the case of the Board that you have just proposed. That arbitrator, if he has a right to initiate an economy on any of the roads, could go about your roads and find economies to be made and come back to your Board and say, "I do not attach very much importance to your judgment. I am going to put the opinion of the President aside and I suggest that such-and-such economy be made." Do you think that would be quite proper and in the interest of your road?—A. I think there is a misunderstanding in regard to the use of the



119989



word "initiate." It is not to initiate the actual putting into force of the thing, but to initiate the study and consideration and analysis of a proposition and bring it down to a definite recommendation. Then the recommendation naturally would go to the executive of each railway and they would have the privilege of saying whether they wanted to go along with it or not. And if there was disagreement, there is provision for going before the arbitral tribunal.

Q. Then if there was any economy, it would be suggested in the first place by the Canadian Pacific or the Canadian National?—A. No, not necessarily. It might be suggested by the Chairman.

Q. That can be done now.

Hon. Mr. MORAUD: It cannot be done now.

*By Hon. Mr. Black:*

Q. Is this not right, that no application has been made to the Board by either road, the Canadian Pacific or the Canadian National, at any time in the last five years? Neither road has applied to the arbitral tribunal for a decision? —A. That is right.

Q. And it seems the reason given in both instances is the same, that they did not want to offend each other's feelings.

*By Hon. Mr. Robinson:*

Q. Do I understand this to be the suggestion, with regard to the Board of three, that a matter may be initiated by any one of them, or by someone outside the board—say, Senator Black, or Senator McRae. Then it would be referred to the executive and thoroughly investigated, and if no action were taken upon it it would not be necessary for either railroad to apply to the arbitral tribunal, but the chairman himself could do it and take it off the shoulders of the railway? Is that the idea?—A. I would make it automatic. I would make it a requirement that if a measure was favourably reported upon by this committee or commission and not acted upon by the two railways, that it automatically should be referred to the arbitral tribunal for consideration, after the lapse of a few months, or something to that effect.

Q. That takes the onus off the railways?—A. Yes.

*By Hon. Mr. Hugessen:*

Q. Let me see if I understand your suggestion. You would substitute for the two present bodies one set up by the railways, comprised of one man representing each line?—A. Yes.

Q. And you would add to those two an independent chairman, representing the public? The board would then fulfil the functions which your two co-operative committees are doing now, with the difference that if the two railways did not agree upon any economy the chairman would have the duty of calling for an arbitral tribunal to settle the matter? Is that right?—A. In a way, yes.

Q. Unlike what Senator Meighen said a few moments ago, it is a completely different set-up from that existing at the present time.—A. At the present time there are two sections of what we call a co-operative committee, the Canadian Pacific section and the Canadian National section, under the chairmanship of two men. They are expected to work along and bring in reports, if they can. My suggestion would be that the committee be composed of three: one representative from each of the railways and a chairman selected by the Government from outside, a neutral person altogether.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119990



*By Hon. Mr. Haig:*

Q. What would happen in a case like this? Suppose a matter comes before the board and both railway men on the board are not in favour of it. What would happen then?—A. I would give the chairman two votes, or something of that nature.

Q. Then there would be a tie. You would have to give him three. Would you give him power to override the other two?

*By Hon. Mr. Black:*

Q. As I understand your suggestion, you would give him power to override so far as that he could decide to call for a tribunal?—A. In the ordinary course he would decide with one man or the other.

*By Hon. Mr. Haig:*

Q. Senator Hugessen said that your position was not as Senator Meighen suggested. You told Senator Hugessen that the suggestion was that the Canadian Pacific would appoint one representative and the Canadian National one, and the Government one. Now, suppose a proposition for economy is suggested by the Chairman, say. And the Canadian National man on the committee says "No," and the Canadian Pacific man says "No." Now, what would happen?—A. That is a situation I can hardly contemplate.

Q. Well, following up what Senator Hugessen said, can you tell me what would happen then?—A. You would have to make some provision for that.

*By Hon. Mr. Horsey:*

Q. You said it would go automatically to the tribunal?—A. That was my thought, that if there was any disagreement the matter would go automatically before the tribunal.

*By Mr. Biggar:*

Q. You are not suggesting the abolition of the Joint Co-operative Committee? This board that you have been suggesting is a body in addition to the Joint Co-operative Committee, is it not?—A. No sir, it would take the place of those two.

*By Hon. Mr. Horsey:*

Q. I understand that you say that when the two railways could not agree on a proposition of savings, that automatically the matter then would go before the arbitral tribunal for decision?—A. Yes.

Q. Then you would get action. That is where it differs from the present set-up.

Hon. Mr. HAIG: Then the chairman would be the whole committee. He could have a matter sent to the arbitral tribunal over the heads of the other members.

*By the Chairman* (Right Hon. Mr. Graham):

Q. I suppose, Mr. Hungerford, you have not studied the whole details of this. You are in favour of some statute that would compel people to act?—A. Yes, to have some progress made.

Q. And you would leave it to some person else to work out a scheme to carry that idea out. If it is not feasible there would be no use getting details. But I imagine that if we decided that there should be a compulsory board somewhere, to compel co-operation, there would be a way of finding the machinery?—A. Yes. I was only offering a broad suggestion without trying to specify all the details of it.



119991



Q. I doubt if any of us sitting around here could even give a suggestion of what the machinery would be, if we were asked to do it.

*By Hon. Mr. Cote:*

Q. You contemplate a situation under which the two railways could not agree on the economy under study, and then you go a step further and you say that in the case of a disagreement there shall be a reference to an arbitral tribunal. If we should so legislate, there would not need to be a chairman at all; the matter would be automatic.—A. The purpose of the chairman is not so much in resolving disputes when they come down to a definite difference of opinion, as to insuring progress being made in the study of projects and bringing them to a conclusion.

*By Hon. Mr. Hugessen:*

Q. And to relieve one of the railways from forcing the arbitral tribunal on the other?—A. Yes. And there are other features in connection with it.

*By Hon. Mr. McRae:*

Q. There is one question I should like to ask you. Are you favourable to an advance in rates to make up in part the deficit of your system?—A. It is a very broad question, sir.

Q. It is a definite one.—A. Yes. It is very very questionable. If you got an increase in rates and got a loss in traffic, you would not be improving the situation from the national viewpoint; you would make it worse.

Q. Sir Edward Beatty told us he was not in favour of an advance in rates. Would you agree with him?—A. I think I would take that view too, in a general way.

Q. Then naturally you would depend on the public treasury entirely to make up your deficit?—A. Yes.

*By Hon. Mr. Moraud:*

Q. How do your rates compare in this country with rates in other countries of the world? Are they higher or lower?—A. Almost exactly the same as the rates in effect in the United States, and lower than in any other country in the world that we know of, except, I think, Japan and India.

Hon. Mr. HORSEY: They are purely Government roads.

*By Hon. Mr. Gordon:*

Q. Perhaps this is not a fair question to ask you. In dealing with the Canadian Pacific during the past five years—and during that time a good many of us think that as much progress was not made as should have been made—have you found them pretty hard to deal with? I wonder if your attitude would change in respect of the Canadian Pacific if the Government of the day came to you and said, "Mr. Hungerford, we are getting tired of paying these deficits. We are going to place $100,000,000 or $150,000,000 to your credit, with the understanding that when that is exhausted something is going to be done; we are going to get rid of this railroad. That is the limit of the money that is going to be advanced to you in future for deficits." Would your attitude towards the Canadian Pacific then be the same as it is now?—A. All I can say in regard to that is that I cannot visualize the premises that you mention. After all, it is not a question of any individuals responsible—

Q. I should like to get a reply to that question. If you had $150,000,000 put to your credit to be used for deficit purposes and you knew that when that ran out there would be no more coming to you, would you not endeavour more strongly to come to terms with the Canadian Pacific under a plan of unification or amalgamation or something else? Would you, or would you not?—A. I cannot visualize those premises.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119992



Q. Why cannot you?—A. Because after all—

Q. Is it your idea that the Government obtains money in some other way than by taxation and borrowing?—A. No.

Q. And that it is going to keep coming down from Heaven all the time?—A. After all, sir, the Canadian National Railways system is the property of the people of this country, and they have the say as to how that property shall be run. All we do is to run the system in the way that they apparently want it run.

Q. But, Mr. Hungerford, I should think from that you are not of opinion that it needs to be run as a business organization at all?—A. Oh, yes, I do.

Q. No business could last with continuing deficits such as we have got to meet every year.—A. And no railroad organization could have got started with the financial set-up that we have; it could not be done.

Q. Do you think it is better to pay those deficits continually, or try to do something now to stop their continuance—A. My suggestion is to do all these things that you can that will not injure the nation otherwise to a greater extent.

*By Hon. Mr. Horsey:*

Q. If a definite decision was reached against unification would the progress in your view be must greater under cooperation than it has been?—A. I would expect there would be some improvement.

*By Mr. Biggar:*

Q. Mr. Hungerford, I think you have covered the ground very fully, and I am very much obliged to you. I understood you to say you were not familiar with any of the details of these estimates that had been made, and that that remark applied both to the $56,000,000 estimate made by Mr. Fairweather and the $60,000,000 estimate made by Sir Henry Thornton.—A. May I ask what the question was in relation to that?

Q. I understood you to say you were not familiar with the details of either of those estimates.—A. Oh, I have seen the details as published more or less.

Q. But I mean you are not prepared to discuss the soundness or otherwise of the detailed figures?—A. No, sir. Quite frankly I do not believe any of them. I do not think they are realizable.

Q. And that it applied to both of them. It was suggested to me that I had misunderstood you.

*By Hon. Mr. Coté:*

Q. Mr. Hungerford, you said a moment ago, and quite correctly too, that the properties of the Canadian National are the assets of the Canadian people. Then you added that the railway is run as the people want it run.—A. In regard to broad policy.

Q. Broadly speaking?—A. Yes.

Q. I think that involves two subdivisions. There is the acquisition of lines, and I can visualize in the past where a non-profitable line has been forced on the Canadian National Railways by governmental purchase. To that extent I realize the implication of what you have said. But then the second subdivision of my question is the operation of the facilities already acquired. To what extent, if any, do the people, as represented by Parliament or by the Governments of the day, this Government and the last Government, interfere with the operation of the railways?—A. Well, in so far as actual operation is concerned, there is not very much interference at all. That, I think, is a mistaken idea entirely.



119993



*By Hon. Mr. Moraud:*

Q. There is interference after you are forced to operate 100 miles of line that you never expect to make profitable?—A. Yes, there is that broad obligation or requirement, or whatever it may be termed, to provide railway service under conditions that cannot be profit-making.

*By Hon. Mr. Coté:*

Q. Senator Moraud's question goes back to my first point of acquisition. But the moment you have acquired a railway, I want to know to what extent there is Government interference. I do not mean political interference.—A. You mean the number of trains run, and things of that kind?

Q. In the operation of the system?—A. None.

Q. So in running the railway you are at this disadvantage, that unprofitable lines from time to time have been, I would say—

Hon. Mr. MORAUD: Unloaded.

Hon. Mr. COTÉ: —unloaded on the system?

The WITNESS: To a very considerable extent, sir, we started that way, because the Canadian National Railway system was originally composed of lines that were unable to carry on. They had not earned or paid anything on their fixed charges for some time before.

Q. Will you go a little further in connection with the operation of lines? I do not suppose there would be very much difference between your operation of your facilities and the operation of the C.P.R.?—A. I would not think so.

Q. You give what you think is reasonable service where you have to operate your railways, and then you cannot curtail that service beyond a certain point, even if you wanted to, because the Railway Board is in the background and regulates all that sort of thing: is that correct?—A. That is correct. If we want to make a change in our train service we have got to get the consent of the Railway Board.

*By Hon. Mr. McRae:*

Q. You referred earlier in the day, Mr. Hungerford, to the expense of running the Transcontinental Railway. Do you think it would be practicable and economical and justifiable to run more than one transcontinental train across the country?—A. On all lines?

Q. What we will call one up-to-date transcontinental train.—A. That is, as between the Canadian Pacific and the Canadian National?

Q. Yes.—A. Oh, yes.

Q. Whether, in other words, co-operation there could not be worked out?—A. That is a very, very difficult matter, because both companies have found it necessary over extended periods to run even more trains.

Q. I mean one system. As a matter of fact, you referred to the expense of it, and I wondered if there was not some way in which that could not be minimized.—A. The difficulty lies in this fact. While there are common terminii for those lines, almost invariably the lines serve quite different communities. For instance, west of Winnipeg the Canadian Pacific parallels the border pretty well to Medicine Hat and Calgary; whereas the Canadian National mainline goes northwest through Saskatoon and Edmonton. It is a question whether those communities, large and important as they are, are not entitled to a daily service of good quality. We have felt that they were so entitled. But these through trains never have been through trains so far as our line is concerned, for they have always performed local service practically from one end of the line to the other. On some sections they represent the only passenger service.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

11994



Q. Another question, Mr. Hungerford. I asked Sir Edward Beatty, and now I ask you: It appears indisputable that obsolescence is going on at a rapid pace on the railways in the United States and, I presume, to some extent here. In the march of time is it not going to require a great deal of capital in the way of new equipment and betterments if we are to keep up to the same standard as the roads to the south of us?—A. I think possibly you have in mind the deisel-propelled light-weight, high-speed equipment in the States?

Q. They are carrying that very far now.—A. I cannot visualize any very radical change in the construction of locomotives and freight equipment, and things of that kind. Passenger equipment may lend itself a little bit more to developments of that sort. Improvements will be effected of course continuously. Probably the largest development will be by the greater employment of alloy steels of lesser weight, and things of that kind. There has been a very considerable beginning made already; but so far as the usual equipment is concerned, apart from the special feature train, I do not see anything but normal development ahead.

Q. There is a good deal of agitation in the United States now that the roads are getting antiquated, and that new equipment should be introduced to bring the roads up to date as an unemployment relief measure.—A. I think there is really a lot of misunderstanding and possibly some exaggeration in regard to that.

Q. The trouble is a great many people riding across the continent in those trains like them very much.—A. Yes. The newest train put on is propelled by steam on the run from New York to Chicago.

Q. The one running from New York to San Francisco is a modern deisel train that makes the trip in thirty-six hours?—A. Yes.

Q. You have got to reserve accommodation on that three weeks or a month ahead.—A. There is that development of special passenger equipment. I have felt that the field in Canada was not sufficiently large for any general use of that equipment. But, to come back to your original thought, as to the probability of considerable obsolescence of railway equipment, generally I cannot see it. It will be improved in design as it has always been progressively, and modern equipment is very much more efficient and capable of performing very much more work. But as to throwing away a lot of equipment and spending huge sums of money to replace that equipment, I cannot visualize such a situation. We have gone through the period of replacing wooden cars; that has been accomplished.

*By Hon. Mr. Haig:*

Q. Do the Government interfere, if you want to close up some shops, more than it would if the shops were privately-owned?—A. It is twenty years since I worked for a privately-owned company. I really do not know.

*By Hon. Mr. Ballantyne:*

Q. Let me put it this way, Mr. Hungerford. Suppose traffic is decreasing, and the Canadian Pacific decided to lay off, say, 2,000 men; and you felt it was necessary to close down your shops at Winnipeg and Montreal and so curtail the number of your employees. The C.P.R. could do it on their own initiative; but I am under the impression you would have very great difficulty in laying off the same number of men. In fact, I doubt very much whether you would be able to do it.—A. All I can say is, we have done it frequently in the past.

*By Hon. Mr. Moraud:*

Q. How many did you lay off between 1930 and 1932, say?—A. I don't know how many; we laid off a considerable number during that period as



11995



distinguished from those that simply terminated their seasonal work and were not taken back. Of course, there was a drop in the staff of between 30,000 and 40,000.

Q. Between 30,000 and 40,000?—A. Yes.

*By Hon. Mr. Haig:*

Q. The 1st of June this year did you lay off any shopmen?—A. Yes, on the Atlantic Division, and we reduced the days of work.

Q. On the Central Region?—A. No, nor on the Western Region; but we reduced the days of work for the two months.

*By Hon. Mr. McRae:*

Q. There was quite a protest, too.—A. There is always a protest. If you lay off one man at a place there is a protest, but that is something you have to face.

The CHAIRMAN (Hon. Mr. Beaubien): Are there any more questions?

Hon. Mr. SINCLAIR: We were to get an explanation as to page 22, in reference to the question asked by Mr. Meighen before we adjourned at the noon hour.

Mr. BIGGAR: The question with regard to the $500,000,000?

Hon. Mr. SINCLAIR: Yes.

The WITNESS: This was prepared for me by our Bureau of Economies, and was accepted as such, and here is a little memorandum that covers it, I think. With the permission of the Chairman, I would ask Mr. Fairweather to read it and to answer any questions about it.

Mr. BIGGAR: Yes.

Mr. FAIRWEATHER: (Reading):—

> The statement contained on page 22 of the brief that the national income of Canada exceeded the national outgo by over 500 millions of dollars for the year 1937 is based upon publications of the Dominion Bureau of Statistics, arranged to show the addition of capital surplus to the people of Canada for the fiscal year 1936-37. The additional savings to the people of Canada are represented by increased saving bank deposits, increased life insurance, a decrease of indebtedness outside of Canada and an increase in construction of homes, stores, factories, etc., within the country. Expenditures by governments and provinces on capital works were not included, because it was impossible to segregate such works from unemployment relief expenditures. The principal items representing the increased savings to the people of Canada in the year are as follows:—

| | |
|---|---|
| Increase in savings bank deposits | $ 52,434,000 |
| Net increase of life insurance | 91,045,000 |

Right Hon. Mr. MEIGHEN: Life insurance?

Mr. FAIRWEATHER: That is the amount of premiums paid, less death dues. It is the net increase in life insurance outstanding.

Right Hon. Mr. MEIGHEN: It has nothing to do with premiums at all.

Mr. FAIRWEATHER: It represents the difference between the premiums paid by the public, and the death dues paid by the companies to the public.

| | |
|---|---|
| Securities outside of Canada retired less new securities issued | $ 156,100,000 |
| Net capital transactions of international branch plants | 74,200,000 |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119996



| | |
|---|---|
| Private capital construction within Canada.. | 143,223,000 |
| Insurance transactions of foreign companies, net. | 26,000,000 |
| Total.. .. .. .. .. .. .. .. .. .. | $ 543,002,000 |

The Dominion Bureau of Statistics report on international balances for 1937 contained the following paragraph:—

> It is almost correct to say that Canada is amortizing her foreign debt at a rate of between 3¼ and 4 per cent per yea.. . . . capital goods which were created in former years are paying returns and the surplus production as compared with consumption is permitting a gratifying reduction in foreign indebtedness. The results suggest that, on the whole, former investment in Canada has been sound.

Hon. Mr. HAIG: The $52,000,000 may have been diverted from some other source to savings deposits, and the same is true of life insurance and building.

Right Hon. Mr. MEIGHEN: We have it down now. It will be very interesting.

The CHAIRMAN (Hon. Mr. Beaubien): Are there any more questions, gentlemen?

Mr. BIGGAR: With the permission of the committee, we might take a few minutes to deal with the documents asked for last week, and which are available now to be put in.

The first document asked for was a detail of the $64,268,000 of savings in connection with transportation generally. It is item 3, I think, in the main schedule of the Canadian Pacific. I have got that and will state to the committee generally what it shows. The reduction in train, locomotive and car miles represents a total of about $17,000,000, divided into 10½ passenger and 6¾ freight. The reduction in supervisory, traffic and general expenses represents 13·6 millions. The common use of facilities and equipment, reclassification of lines and consolidation of operations, represent a sum divided under several heads, as follows: road and yard, eleven and a quarter million; shops and engine houses, seven and a half million; stations and offices, three and three-quarter million; road service, $1,600,000; yard service, three and a half million, and other, one and a half million. Then there is a column with regard to incidental economies from unification, which includes $1,600,000, largely advertising, and $2,500,000 of locomotive fuel. These make a total of $4,121,000. All those add up to the $64,000,000. Then there is a final column which gives the distribution among the various headings of maintenance of way and so on of line abandonment savings included, amounting to seven and a quarter million. Details with regard to the subordinate heads are attached. I think this might go in, though the first page alone is probably all that we need refer to. It will be Exhibit No. 80.

The next document asked for was the operating ratio of the unified system for 1930. The details of that are given on a single sheet. It shows that under unified management the operating ratio would be 70·5 as against 85·6 for combined operation. That will be Exhibit No. 81.

The third is a comparison of unit costs in the years 1930 and 1937 as between the Canadian Pacific and the Canadian National systems. That is given for each of the detailed heads under maintenance of way, and covers three or four pages. With regard to that I must tell the committee that the Canadian National has a very strong objection to a comparison between the unit costs of the two systems, for various reasons that have been set out in a long document handed to me. But the Canadian Pacific disagrees with these reasons, and I do not think it would be useful at this time to go into these differences of documentary material. The comparison, however, must be submitted subject to that reservation. It will be Exhibit No. 82.



119997



The next document is the valuation of the telegraph companies. I do not think this need be printed, though it should be given a number. What I have got before me is not the document itself or the documents themselves. I did not bring them over. They are each of them a large volume about twenty inches long, fourteen inches high and three inches thick. The Canadian Pacific and the Canadian National each got one of these, and each is preceded by a general statement running to about 6, 7 or 10 pages, showing the basis upon which the valuation was made. There is also a schedule giving the details of the valuation in tabular form. I have not attempted to get both statements of the bases, because they are very much the same, but the Canadian Pacific have been able to give me a copy of the basis that precedes their valuation, and I have compared it with the Canadian National basis, and they are so closely identical that I think one of them will do with the two schedules. That will be Exhibit No. 83.

The next document is the Montreal Telegraph agreement, which is a comparatively short document. It will take only three or four pages to print it. It provides for the return of the system with additions, and I think it might be printed, because the actual provision may be relevant. That will be Exhibit No. 84.

The next two documents relate to the question of abandonments as dealt with in Exhibit No. 56, which is the Canadian National statement as to the disposition of the 2,098 miles that was common to the two abandonment programmes. The Canadian Pacific does not agree with that distribution or indication of the position of each, and has submitted in tabular form its views about that. I think we can print that for comparison. It will be Exhibit No. 85.

Finally, there was the request for information with regard to the distribution of an amount that appears in Exhibit No. 62, at page 938, in respect of payments for injury. There was a request for an indication of how much related to employees and how much to others. The figures for 1930 are not available, but the distribution for the same item for 1937 is six-sevenths to employees, and one-seventh to others, and I think that is really all we need.

Hon. Mr. HUGESSEN: There is just one question with reference to Exhibit No. 81 and the operating ratio suggested of 70·5 per cent under unification for the year 1930. For my own information and the information of the committee, I think it might be advisable to get, in support of that or as an appendix, a statement of the operating ratios during that year of the principal railroads in the United States.

Mr. BIGGAR: I have them for last year, but I have not them for 1930.

Hon. Mr. HUGESSEN: I should like them for 1930, so as to make a comparison.

Mr. BIGGAR: No doubt they can be got, Senator.

Subject to the Committee's approval, there are three Vice-Presidents of the Canadian National here to be heard. They are all going to address themselves to details, particularly of line abandonment. Mr. Appleton is from the Atlantic region; Mr. Kingsland is from the Central region, and Mr. Warren from the Western region. They would not follow logically now; the logical precedure would be to hear Mr. Fairweather now, but it seems to me that we might properly hear these gentlemen and let them go back to their work. That is subject to the Committee's approval, of course.

Hon. Mr. MCRAE: It would be better if the map could be marked, before we go into the abandonments.

Mr. BIGGAR: I have arranged for that to be done, and I think it can be done during the supper adjournment.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119998



The CHAIRMAN (Hon. Mr. Beaubien): As time is getting very short and we still have a lot of work to do, it is suggested that the members of the Committee should have the kindness to come back at 8 o'clock.

At 6.05 p.m. the Committee adjourned until 8 p.m.

## EVENING SITTING

The Committee resumed at 8 p.m.

Mr. BIGGAR: We begin with Mr. Appleton.

Hon. Mr. ROBINSON: Mr. Chairman, somebody asked a while ago if these proposed abandonments could be divided up into provinces. I wonder if that has been done?

Hon. Mr. MURDOCK: They are divided into provinces, at pages 427 and following of the record. You will find it starts there at the east and goes west.

Mr. W. U. APPLETON, Vice-President and General Manager of the Canadian National Railway, Atlantic region, appeared as a witness and took the stand.

*By Mr. Biggar:*

Q. Mr. Appleton, you are the Vice-President and General Manager of the Canadian National Railways, Atlantic region?—A. Yes, sir.

Q. You were going to direct the attention of the Committee to some matters in relation to abandonment of transcontinental lines east of Diamond Junction, Quebec?—A. Yes.

Q. Have you got your submission in the form of a memorandum?—A. To some extent, yes.

Q. Will you just go on?—A. I intend to deal chiefly with the proposed abandonment of the National Transcontinental Railway, Chipman to Cyr, New Brunswick, 146 miles; and Diamond Junction, Quebec, to Edmundston, New Brunswick, 225 miles, a total of 371 miles of railway which costs the people of Canada at least $31,000,000. Such a proposal could only be the outcome of a very superficial examination and without any conception whatever as to the result economically or with respect to the through or local traffic. This portion of the railway serves a population of approximately 96,000 people.

*By the Chairman* (Right Hon. Mr. Graham):

Q. Could you tell us the name of the railway of which those portions form a part? Are they part of the Transcontinental, the Intercolonial or what? —A. No, sir, it is the dark section on the map that runs from Diamond Junction to Chipman. That is part of the National Transcontinental. The industrial investment is estimated at $11,256,000, not including the development at Edmundston or on the line between there and Cyr, which would increase this by several million dollars and make it evident that the abandonment of any portion of the railway would have a very serious effect on the economic welfare of the communities it serves. I might mention some of the stations to give you some indication of the local traffic. Perhaps I should give the earnings. The local earnings for the year 1937 amounted, in my territory, that is from Monk to Chipman, to $1,894,235; and from Monk to Diamond Junction, to $238,000. At Riviere Bleue the revenue amounted to $241,000. That is a station on the line between Monk and Edmundston. If the railway was taken away it would



119999



leave those people more on less isolated, and the margin of profit in the handling of their business would be so small that I think they would have to move out. The same thing applies to Riviere Manie. The gross revenue there was $141,000; and at La Fontaine it was $143,000. I think these are substantial amounts, and we should give very serious consideration to the matter of abandoning a line that even enjoys local traffic to that extent.

*By Hon. Mr. Black:*

Q. There must be a very considerable amount of earnings from Edmundston to St. Leonard?—A. I am omitting the earnings at Edmundston, Green River and St. Leonard. The total gross in that territory was $1,274,000. On the line from Diamond Junction to Chipman, excluding those stations, it would be about $1,500,000.

*By Hon. Mr. Moraud:*

Q. Those figures are for local traffic?—A. Local traffic only.

*By Hon. Mr. McRae:*

Q. Does that include incoming as well as outgoing freight?—A. Yes, sir. For the six months ending April 30, 1938, the freight cars moved from Monk terminal were 60,416 and for the year ending April 30 they were 98,568. The daily average for six months was 334 cars, and for a year it was 270 cars. The average gross tons handled in through traffic was 2,047,824 for six months; and 3,315,125 tons for one year.

*By Mr. Biggar:*

Q. Those are absolute tonnages, not averages?—A. Absolute.

Q. You said average?—A. Those are the totals. The local traffic was 663,826 tons in six months; and for the year ending April 30, it was 965,340 tons. The total tonnage moved in six months was 2,711,650 tons, and for the year 4,280,465 tons. Actual net tons per mile of road—daily average for the N.T.R. 4,911 tons, and for the Atlantic region 1,576 tons. I mention that to indicate the difference in the density of traffic on the Atlantic region as compared with the tonnage on the National Transcontinental.

Another rather interesting feature is that the National Transcontinental from Moncton to Monk represents 356 miles of track. The total mileage of the Atlantic Region is 3,030 miles. The percentage of the National Transcontinental to the Atlantic Region mileage is 11·7. The net ton traffic on the N.T.R. is 41·5 per cent. So that we are handling 41·5 per cent of traffic which moved on the Atlantic Region on 11·7 miles of N.T.R. track, indicating the importance of this track.

Operating economies in the movement of through traffic, National Transcontinental versus I.C.R. or C.P.R., or the latter railways combined, amount to $727,807 per year, or more than sufficient to maintain that portion of the National Transcontinental and keep this important traffic lane open. In other words, if you withdrew the through traffic that operates over the National Transcontinental you lose an economy as against the operation of that through traffic either by the C.P.R. or the I.C.R. of $727,000 odd. That is more than sufficient to maintain the track and structures of the Transcontinental and leave a surplus of $46,700 per annum, without taking into account the increased track maintenance on the Intercolonial and the Canadian Pacific that would result through the diversion of the traffic now going over the track in question.

I hope I have made myself clear. To move a train on the Transcontinental one mile with a given unit of power would require a mile and a half of similar service on the C.P.R. or Intercolonial. On that account we get these economies.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

119998



The CHAIRMAN (Hon. Mr. Beaubien): As time is getting very short and we still have a lot of work to do, it is suggested that the members of the Committee should have the kindness to come back at 8 o'clock.

At 6.05 p.m. the Committee adjourned until 8 p.m.

## EVENING SITTING

The Committee resumed at 8 p.m.

Mr. BIGGAR: We begin with Mr. Appleton.

Hon. Mr. ROBINSON: Mr. Chairman, somebody asked a while ago if these proposed abandonments could be divided up into provinces. I wonder if that has been done?

Hon. Mr. MURDOCK: They are divided into provinces, at pages 427 and following of the record. You will find it starts there at the east and goes west.

Mr. W. U. APPLETON, Vice-President and General Manager of the Canadian National Railway, Atlantic region, appeared as a witness and took the stand.

*By Mr. Biggar:*

Q. Mr. Appleton, you are the Vice-President and General Manager of the Canadian National Railways, Atlantic region?—A. Yes, sir.

Q. You were going to direct the attention of the Committee to some matters in relation to abandonment of transcontinental lines east of Diamond Junction, Quebec?—A. Yes.

Q. Have you got your submission in the form of a memorandum?—A. To some extent, yes.

Q. Will you just go on?—A. I intend to deal chiefly with the proposed abandonment of the National Transcontinental Railway, Chipman to Cyr, New Brunswick, 146 miles; and Diamond Junction, Quebec, to Edmundston, New Brunswick, 225 miles, a total of 371 miles of railway which costs the people of Canada at least $31,000,000. Such a proposal could only be the outcome of a very superficial examination and without any conception whatever as to the result economically or with respect to the through or local traffic. This portion of the railway serves a population of approximately 96,000 people.

*By the Chairman* (Right Hon. Mr. Graham):

Q. Could you tell us the name of the railway of which those portions form a part? Are they part of the Transcontinental, the Intercolonial or what? —A. No, sir, it is the dark section on the map that runs from Diamond Junction to Chipman. That is part of the National Transcontinental. The industrial investment is estimated at $11,256,000, not including the development at Edmundston or on the line between there and Cyr, which would increase this by several million dollars and make it evident that the abandonment of any portion of the railway would have a very serious effect on the economic welfare of the communities it serves. I might mention some of the stations to give you some indication of the local traffic. Perhaps I should give the earnings. The local earnings for the year 1937 amounted, in my territory, that is from Monk to Chipman, to $1,894,235; and from Monk to Diamond Junction, to $238,000. At Riviere Bleue the revenue amounted to $241,000. That is a station on the line between Monk and Edmundston. If the railway was taken away it would





119999

leave those people more on less isolated, and the margin of profit in the handling of their business would be so small that I think they would have to move out. The same thing applies to Riviere Manie. The gross revenue there was $141,000; and at La Fontaine it was $143,000. I think these are substantial amounts, and we should give very serious consideration to the matter of abandoning a line that even enjoys local traffic to that extent.

*By Hon. Mr. Black:*

Q. There must be a very considerable amount of earnings from Edmundston to St. Leonard?—A. I am omitting the earnings at Edmundston, Green River and St. Leonard. The total gross in that territory was $1,274,000. On the line from Diamond Junction to Chipman, excluding those stations, it would be about $1,500,000.

*By Hon. Mr. Moraud:*

Q. Those figures are for local traffic?—A. Local traffic only.

*By Hon. Mr. McRae:*

Q. Does that include incoming as well as outgoing freight?—A. Yes, sir. For the six months ending April 30, 1938, the freight cars moved from Monk terminal were 60,416 and for the year ending April 30 they were 98,568. The daily average for six months was 334 cars, and for a year it was 270 cars. The average gross tons handled in through traffic was 2,047,824 for six months; and 3,315,125 tons for one year.

*By Mr. Biggar:*

Q. Those are absolute tonnages, not averages?—A. Absolute.

Q. You said average?—A. Those are the totals. The local traffic was 663,826 tons in six months; and for the year ending April 30, it was 965,340 tons. The total tonnage moved in six months was 2,711,650 tons, and for the year 4,280,465 tons. Actual net tons per mile of road—daily average for the N.T.R. 4,911 tons, and for the Atlantic region 1,576 tons. I mention that to indicate the difference in the density of traffic on the Atlantic region as compared with the tonnage on the National Transcontinental.

Another rather interesting feature is that the National Transcontinental from Moncton to Monk represents 356 miles of track. The total mileage of the Atlantic Region is 3,030 miles. The percentage of the National Transcontinental to the Atlantic Region mileage is 11·7. The net ton traffic on the N.T.R. is 41·5 per cent. So that we are handling 41·5 per cent of traffic which moved on the Atlantic Region on 11·7 miles of N.T.R. track, indicating the importance of this track.

Operating economies in the movement of through traffic, National Transcontinental versus I.C.R. or C.P.R., or the latter railways combined, amount to $727,807 per year, or more than sufficient to maintain that portion of the National Transcontinental and keep this important traffic lane open. In other words, if you withdrew the through traffic that operates over the National Transcontinental you lose an economy as against the operation of that through traffic either by the C.P.R. or the I.C.R. of $727,000 odd. That is more than sufficient to maintain the track and structures of the Transcontinental and leave a surplus of $46,700 per annum, without taking into account the increased track maintenance on the Intercolonial and the Canadian Pacific that would result through the diversion of the traffic now going over the track in question.

I hope I have made myself clear. To move a train on the Transcontinental one mile with a given unit of power would require a mile and a half of similar service on the C.P.R. or Intercolonial. On that account we get these economies.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

T 20,000

The resistance eastbound on the Transcontinental, owing to grade, is about eight pounds per ton and the resistance on some parts of the Intercolonial and of the Canadian Pacific, based on 1½ per cent grade, is actually thirty pounds per ton.

*By the Chairman* (Right Hon. Mr. Graham):

Q. What grade did you say the Transcontinental has?—A. Four-tenths of 1 per cent eastbound and six-tenths of 1 per cent westbound.

The local passenger traffic reflects the industrial development of the territory, and it might be mentioned that 11,336 revenue passengers were handled between Edmunston and Monk during the six months November, 1937, to April, 1938. The large proportion of this was local business. There was also quite a heavy local business between Monk and Quebec city.

The strategic position of the N.T.R. in time of war will also be apparent because of the fact it is in all-Canadian territory and a sufficient distance inland to be safe from attack by sea. On the other hand, the Canadian Pacific line passes through the State of Maine for a distance of approximately 201 miles, or 41·65 per cent of the distance between Saint John and Montreal, and in the event of war could not be used for the movement of munitions and troops unless the United States were an ally. For heavy troop movements the N.T.R. route would be of great value because of the longer trains that could be handled than on either the I.C.R. or the C.P.R.

There is quite a heavy capital investment in communications along the N.T.R. route, such as commercial telegraph lines and radio broadcasting circuits, and it is preferred for these services because of the shorter distance and the freedom from weather interruptions during winter. It is estimated that to transfer these facilities from the N.T.R. to the I.C.R. would entail an expense of about $204,000.

Another feature is, we are building up quite an important import and export traffic over the Transcontinental. We can move trains about four hours faster over that route than on the Intercolonial, and it is almost entirely free from passenger service and lends itself admirably to the movement of heavy freight trains. Last winter we moved nearly a quarter of a million tons of coal from Sydney to Montreal and points in Ontario, and I am very doubtful if we could have handled that traffic without a substantial loss by the other route.

During the period November, 1937, to April, 1938, inclusive, the traffic density averaged 6,362 net ton miles per mile of road daily. During the same period 664 freight trains were operated eastward and 678 westward, making a total of 1,342, or an average of 7·4 trains a day, with the maximum reaching 13 trains on one particular day. Excluding locals there was an average of 6·5 through trains daily which would require 10 trains if this traffic were diverted to the I.C.R., and, from information available, 11 trains via the C.P.R. route. The statement was made that the traffic of the Transcontinental consisted of one train a day, and that the Canadian Pacific could absorb half of one of those trains in its light trains westbound, overlooking entirely that if the trains were running light westbound, they must have been loaded eastbound, and I do not know how they propose to handle the eastbound traffic. On the one day with 13 through trains it would have required 20 trains over the I.C.R. or about 22 trains over the C.P.R. to handle the same tonnage.

Local freight traffic over the N.T.R. for the period under review was 14 per cent of the total moved eastward and 34 per cent of the total moved westward. This local traffic consisted mostly of coal from the Minto and Springhill mines for the Fraser Companies at Edmundston and Madawaska, together with farm and forest products.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I have Exhibit No. 3, which shows a comparison of the utility of two C.N.R. routes and demonstrates that at least 55 per cent more train miles are required to move a given volume of tonnage over the Intercolonial than would be needed to move the same traffic via the National Transcontinental.

*By Mr. Biggar:*

Q. You are speaking of Exhibit No. 3?—A. I have it marked in my memorandum.

Q. Do you want to refer to it in your evidence?—A. Yes, sir.

Q. It will be Exhibit No. 86. It is a statement in regard to what?—A. It is a comparison of the utility of the two C.N.R. routes and demonstrates that at least 55 per cent more train miles are required to move a given volume of tonnage over the Intercolonial than via the National Transcontinental.

Q. That is by reason of the heavier grades?—A. Yes.

Q. Has it anything to do with the comparative length of the two lines?—A. It reduces the operating condition to a percentage basis and makes it simple.

Q. Do both those factors enter into the percentage, or only one?—A. Distance and resistance.

Q. What is the difference in distances?—A. The difference is shown here. Montreal to Saint John via Canadian Pacific-Maine Central is 481·7 miles. That is shown in detail. 41·8 per cent of this mileage runs through the United States. Montreal to Moncton via the Canadian Pacific-Maine Central-Canadian National is 571 miles. Montreal to Moncton via Canadian National (Intercolonial) is 647·4 miles. Montreal to Moncton via the Canadian National (National Transcontinental) is 613·3 miles. Montreal to Saint John via Canadian National (Intercolonial) is 736·7 miles. Montreal to Saint John via Canadian National (National Transcontinental) is 702·6 miles.

Q. I am afraid I have not followed that comparison. But you told us a moment ago that 100 train miles, as I understand, on this line you are speaking about was equivalent to 155 on the Intercolonial Railway.—A. Yes, sir.

Q. And my question was, how much of that is due to the longer haul, and how much to the worse grades.—A. It is all due to grades.

Q. All due to grades?—A. Yes, sir.

Q. None of it is due to longer haul?—A. No, sir. It is resistance that makes the comparison.

Q. In other words, it is really a question of breaking it up into more trains?—A. That is it.

Q. Consequently you have more train miles but smaller trains?—A. Yes.

Q. But in each case you are taking the normal maximum weight of trains that can be carried over the line by an engine of a given power. Is that 100 per cent engine?—A. We are using a 53 per cent engine. That means 53,000 pounds drawbar pull or tractive effort.

Hon. Mr. BLACK: Is the route from Montreal to Moncton via the National Transcontinental shorter than via the Intercolonial?—A. Yes, sir.

Hon. Mr. MURDOCK: 613 as against 647.

The WITNESS: Some 40 miles difference.

Hon. Mr. BLACK: I misinterpreted your figures. I was afraid you were not doing justice to one of the lines.

*By Mr. Biggar:*

Q. You were going to compare the National Transcontinental line and the C.P.R. on the same basis?—A. Yes, sir.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120002



Q. Perhaps before you leave that comparison between the National Transcontinental and the Intercolonial you can give us a figure that includes both additional length of haul and the disadvantage of the greater grades?—A. I have a statement here respecting the diversion of freight traffic from the I.C.R. between Riviere du Loup and Moncton.

Q. I am afraid the figures will not be right.—A. Yes, they are absolutely right. That heading is just an error. I will read this if you will permit me.

Q. Yes.—A. The physical characteristics of the alternative routes between Joffre and Moncton are such that heavier trains can be handled over the N.T.R. The density of passenger traffic also being lighter on the N.T.R., with better facilities for the yarding of trains at Monk, Edmundston and Napadogan than at Riviere du Loup, Mont Joli and Campbellton, it is possible to give quicker despatch via the N.T.R.

The utility of the N.T.R. route as compared with the I.C.R. for freight operation is demonstrated by the following table, which shows the number of trains it would be necessary to run over the various portions of the two routes, using 53 per cent Mikado type locomotives with full rating to handle eastward 100,000 gross tons in 2,500 cars, the average gross tons per car being about 40 tons. Now, the National Transcontinental route requires 16,239 train miles to handle a gross tonnage per train of 2,827 tons. On the I.C.R. it would require 5,138 train miles to handle a gross tonnage per train of 1,957 tons. In order to be positive about this we took the actual gross tonnage of the trains and worked it out on that basis.

Q. For 1937?—A. For any period. This shows that 55 per cent more train miles are required on the I.C.R. than on the N.T.R. to handle the same amount of traffic without regard to the more adverse weather conditions on the I.C.R. That is another thing we are up against. I have known a snowfall in the Matapedia valley of 168 inches, and of traffic being tied up seriously, whereas inland, on the Transcontinental we did not meet with that condition. We have also had washouts. I remember on one occasion the Canadian Pacific had a washout and had to divert their traffic over our line, and they paid us $90,000 in detour charges. Of course, that is apt to happen to anyone. But we were fortunate on that occasion.

*By Hon. Mr. Sinclair:*

Q. You do not get that on the— —A. We never had anything of that kind on the National Transcontinental. The snowfalls are more even, and the winds are not as great. The Intercolonial, being exposed to the Bay of Chaleur and the Northumberland Strait, gets some terrific weather conditions.

It may also be remarked that an increased grain movement, for instance, resulting in greater average gross tons per car, would raise this percentage, the increase in train miles via the I.C.R. increasing to 61 per cent where cars average 60 gross tons.

The data shown above relates to eastward movements only, but as the operating conditions affecting westward movements are very similar, it would seem unnecessary to treat them separately, except to point out that on the I.C.R. full tonnage trains must be assisted in each direction over the Sayabec grade, a distance of 29 miles, whereas on the N.T.R. there are 13 miles of pusher grade eastward to Summit, and 13 miles of pusher grade westward to Pelletier.

*By Mr. Biggar:*

Q. Does that cover the figures?—A. I think so.

Q. Those figures are all based on 1937?—A. Yes, sir.



120003



Q. There has been considerable change since.—A. I thought that question might come up, and I have a statement here showing the interchange of cars at Monk for the years 1927 to 1937 inclusive. It might be assumed that traffic was not very good in 1930, but I find that 72,830 cars went through the Monk gateway in that year as against 81,730 in 1937. That indicates, I think, at least to some extent, the very excellent freight service we have been able to give on that line, and that it is resulting in increased export and import traffic.

Q. My attention is called to the evidence you gave before the Duff Commission, page 380, in which you were asked about returns on the Transcontinental portion. Your answer, as I understand it, was this: —

> Oh yes, they did at one time grow substantially, but with the depression and the falling off of import and export traffic to the extent that it has, the traffic is very light.

Then you were asked by Commissioner Webster:—

> Mostly forest products?

And your answer was:

> Yes, and not much of that at the present time.

Then again at page 399:

> Commissioner Murray: Would the National Transcontinental line be the best on which to handle tonnage?
>
> Mr. Appleton: Yes, the natural route would be down the Transcontinental. We had a little flurry of wheat one winter—fifteen trainloads of fifty cars each on the Transcontinental in one day, but it was just a day.

Does that refer to the same thing?—A. That would be a peak day, what we might call a peak movement for one day.

Q. But it did not last?—A. We might have had a fairly good movement outside of that.

Q. During the War the traffic did move freely over the C.P.R. across Maine?—A. No, sir, not to my knowledge.

Q. Do you mean you know it didn't, or you don't know of it having been so?—A. Not until the United States went into the War.

Q. You think it did not?—A. No, I don't think it did. I know there was not a soldier moved by the C.P.R. They all moved from Montreal to Halifax via the Intercolonial.

*By Right Hon. Mr. Meighen:*

Q. But why would not freight move that way, the same as at any other time?—A. The United States not being in the War, I understand they could not move munitions and stores that way.

Q. Maybe not munitions, but regular freight?—A. Of course regular freight would move that way, but the bulk of the tonnage—

Q. Why would they not move munitions when they were moving their own munitions?—A. I could not answer that.

Hon. Mr. BLACK: It was before the United States came into the War.

Right Hon. Mr. MEIGHEN: They were moving their own munitions.

The WITNESS: It was generally understood by local operating officers, including myself, that there were no munitions or stores moving by the Canadian Pacific to the seaboard. It is possible that there were, and that we were not aware of it.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120004



Right Hon. Mr. MEIGHEN: I do not say they were; but I do not know that they were not.

The WITNESS: I know we moved a million soldiers.

*By Right Hon. Mr. Meighen:*

Q. Certainly they could not move the soldiers.—A. None of them moved C.P.R.

*By Hon. Mr. Black:*

Q. You could also move through passenger traffic very much more cheaply and expeditiously over the National Transcontinental than over the Intercolonial, could you not?—A. As a straight operating proposition, yes, but the local traffic—

Q. Local conditions.—A. Local conditions prevent that without additional train miles.

Mr. BIGGAR: I think that covers the ground, Mr. Appleton, unless you have something you would like to add.

*By Hon. Mr. Moraud:*

Q. What about the local conditions referred to at Edmundston? How many settlements are there between Edmundston and Diamond?—A. I have here, senator, details in connection with that. I could file that.

Q. Would you file it?—A. Yes, sir.

Q. It has been suggested by Mr. Macnabb that the local traffic could be taken care of by the Temiscouata Railway?—A. I might mention Riviere Bleue, where the revenue, I think, ran up to $240,000. Here is the notation:—

> This station serves also Landry's Siding, where the D'Auteuil Lumber Company carry on a very large pulpwood operation, drawing pulpwood from the State of Maine, the average yearly cut amounting to 25,000 cords, all of which is shipped out by rail, largely to Mechanicville, New York. If the line were abandoned in this district, the only outlet for this wood would be to stream-drive to a point on the Bangor & Aroostook Railway.

Then we would lose a quarter of a million of revenue.

Q. Can the Temiscouata take care of the traffic on that Transcontinental line?—A. No, sir.

Q. What are the distances between the Transcontinental and the Intercolonial?—A. It runs from about 12 to 20 miles. It is a very rough country, and it is almost impossible to operate in that country in the winter time.

Q. Can the Intercolonial take care of the local traffic?—A. It could if you could get it to the Intercolonial, but that traffic, which is largely forest products, is developed to the south of the Transcontinental. They bring it in 8 or 10 miles, and you would have to add 10 or 20 miles over rough country.

Q. You are taking care of traffic on both sides of the line, from the border between Canada and the States?—A. That is what I tried to say.

*By Right Hon. Mr. Meighen:*

Q. I am advised that you are quite mistaken about the munitions; that there was no distinction drawn.—A. That may be possible, senator. I know that we were taxed to capacity, and that there were occasions when we went up as high as 17 troop trains in a day and had to suspend the freight entirely.

Q. That would be to take troops under the colours?—A. Yes, sir.



 120005 

*By Hon. Mr. McRae:*

Q. Would you give us your idea of the farming possibilities along the line if settlement increased, and what we might look to in the next 15 or 20 years?—A. Pioneering is going on there wonderfully. For instance, at New Denmark, in New Brunswick, there is a very prosperous Danish settlement that this serves. There are five potato warehouses. If the line was abandoned it would mean an average haul of 10 miles to the nearest railway facilities.

Q. What percentage of the country is suitable to agriculture?—A. Quite a percentage.

Q. Half of it?—A. I wouldn't say that. It is a pretty rough country.

*By Hon. Mr. Black:*

Q. Probably 30 to 35 per cent?—A. Yes, sir. If you withdraw the movement of through traffic from that line you lose an economy of $750,000. That economy pays for the maintenance of the tracks and structures on that line, and you therefore get a local service without cost at all. You serve the communities there without cost to the country or to the company.

*By Hon. Mr. Moraud:*

Q. What is the distance between the Temiscouata Railway and Diamond Junction?—A. Temiscouata and Diamond Junction? It would be 220 miles, perhaps 230.

Q. There is no question whatever of these communities being served by the Temiscouata Railway?—A. I beg your pardon?

Q. There is no question whatever of serving all these communities along the Transcontinental by the Temiscouata Railway?—A. It cannot be done. A look at the map will show that. It only follows for a certain mileage, and is gone altogether.

*By Hon. Mr. Hugessen:*

Q. It is a very poor line with very heavy grades.—A. The rails are about 60 pounds, and one of our engines if put on there would probably go out of sight.

*By Hon. Mr. Moraud:*

Q. You said you would file that statement as an exhibit. Is it filed already?—A. I will file it right now. I will also file one of the local earnings.

*By Mr. Biggar:*

Q. I just remember that I had a bit of information on a point that I would like you to verify. As a matter of fact, is the capacity of any of these three lines not more than sufficient to carry all the traffic that all three of them carry?—A. That is, are they being operated to their capacity?

Q. Yes.—A. Oh, not 50 per cent.

Q. Is it not something less than 50 per cent? Two out of those three lines would carry all the traffic and as much again, would they not, even on the 1928 basis?—A. No. I would say the Canadian Pacific is pretty nearly up to its capacity during the winter months, but the Transcontinental could easily absorb all the traffic over the Intercolonial

Q. And over the Canadian Pacific too, could it not?—A. No. I do not think one line could handle the combined traffic of the three railroads on peak occasions in the winter time.

Q. The figures I have here are that the National Transcontinental has an estimated capacity eastbound of 800 gross tons per month, and westbound of 700 tons and that the actual peak was 779, eastbound.—A. Tons?

Q. Yes.—A. You would handle as high as 4,000 tons in one train, on the Transcontinental.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120006



Q. These, of course, are in thousands. That is, 800,000 gross tons?—A. Well, it would be taxing the line to its capacity, and we would have to put in additional passing tracks and some block signals.

Q. You would say that that was more than the capacity, would you? It has not now as it stands a capacity of 800,000 gross tons a month, eastbound?—A. I would not like to say that offhand, but I would say that with the passenger trains and freight trains operating at present, or during the winter months over the Intercolonial and the Canadian Pacific alone, with the traffic on the N.T.R., that it would slow the traffic down very much, and I am afraid we would lose a lot of import and export traffic to perhaps Atlantic ports in the United States.

Q. Could either the Intercolonial or the National Transcontinental carry all the traffic of both?—A. There would be delay on the Intercolonial at certain times. But the Transcontinental I think could handle it all.

*By Hon. Mr. Moraud:*

Q. Mr. Appleton, you have given here in that exhibit the names of the stations. You have not given the names of settlements or communities along the Transcontinental?—A. No, I have not that information.

Q. And the population of those?—A. Well, the population is shown there, and it includes the settlements, generally speaking, as near as we could get it.

Q. You have no idea how many settlements there are between Diamond and Edmundston?—A. Well, the stations as given there serve all the settlements, and the population includes the settlements.

Mr. BIGGAR: I have got the second page of that exhibit, of which Senator Moraud has the first page, and I understand it shows the local stations along the line.

The WITNESS: Yes.

*By Hon. Mr. Moraud:*

Q. But besides the stations there are a good many local settlements—A. Yes. We combined the population. Riviere Bleue, for instance, serves three or four settlements.

Q. You have no idea what the increase in the population has been since the Transcontinental was built?—A. It has been considerable. There have been a lot of new settlements started up.

*By Mr. Biggar:*

Q. The third of your exhibits shows population and tons of freight, and gross revenue, and so on, in 1937. That will be Exhibit 88.—A. There is a further statement giving similar information between Diamond and Monk, which is really a part of the other one.

Mr. BIGGAR: It can be made part of Exhibit 88.

*By Hon. Mr. Moraud:*

Q. Most of the settlements along the Transcontinental were for lumbering operations at the time the Transcontinental was built?—A. Yes.

Q. Now most of the settlements are farming settlements?—A. They are a combination of farming and lumbering.

*By Hon. Mr. Côté:*

Q. If I understood you correctly, you said you had a traffic of six or seven trains a day each way from Diamond Junction to Moncton?—A. Yes, on certain days.

Q. And on certain days it went up as high as 13?—A. Yes, but not in each direction; that was in both directions.



120007



Q. Is that enough traffic to carry the line?—A. I have submitted a statement showing $700,000 economy as against independent lines, and I would be quite willing to have any independent expert check those figures.

Q. I am not questioning the figures. I am asking if that is enough traffic to pay for operation of the line?—A. My statement is very definite to that effect.

Q. So that part of the Transcontinental is not a detriment to the Canadian National?—A. No sir. After maintaining the track and structures it produces about $46,000 in net economy plus, if you move that traffic to the I.C.R. or the C.P.R., the additional burden of track maintenance. You could not move that considerable volume of traffic off the Transcontinental onto either the C.P.R. or the I.C.R. without increasing the maintenance cost there. That has not been taken into consideration in the economy I have mentioned.

Q. I just wanted to know whether this part of the Transcontinental fell within the description of lines that I was discussing with your President this afternoon, thin traffic lines which are unprofitable and which have been wished on the Canadian National system by the country and are therefore an encumbrance to the Canadian National.—A. As an operating officer I would be very much disappointed if the Transcontinental line was taken away from us, because it is our real property.

Q. From an operating point of view it is not an encumbrance?—A. No sir, it is an asset.

Q. You would not call it a thin traffic line, would you?—A. I gave the figures there. The tons per mile of road daily are something around 4,000, and the average for the Canadian National system is around 1,600. So it cannot be very thin, on that basis.

*By Hon. Mr. Hugessen:*

Q. There is one question I wanted to ask you in connection with the Saint John River valley line. One of the Canadian Pacific witnesses—I cannot recall just which one—made a statement in reference to the movement of freight from Canadian National points east of Saint John, such as Moncton, for instance, to the United States, through McAdam Junction.—A. I think there was a misunderstanding there on the part of the Canadian Pacific representative who made that statement, because the traffic east of Moncton destined to points in the United States moves up to McGivney, and out that way, out through Fredericton, and the difference is I think about 23 miles. Of course if you route that traffic up the valley line, then it makes a substantial difference. But we do not handle it that way. We handle it by the Transcontinental to McGivney, across to Fredericton and to the United States.

W. A. KINGSLAND, Vice-President, Canadian National Railways, Central Region, appeared as a witness and took the stand.

*By Mr. Biggar:*

Q. Mr. Kingsland, I understand you are Vice-President of the Canadian National Railways, Central region?—A. Yes.

Q. And you are now to tell us particularly about the Beaverton-Capreol and Nakina line?—A. Yes sir. Speaking with reference to Exhibit 50, starting on page 427 of the record, in connection with items 24, 41 and 44, it will be seen that the scheme for abandonment calls for the elimination of the Canadian National main line from just west of Ottawa to Capreol, and from Beaverton, 64 miles north of Toronto, through Capreol to Long Lac, then jumping 30 miles to Nakina and abandoning the main line from Nakina to Paddington, just east of Winnipeg. Further, it is proposed to take up the Canadian National line from Superior Junction, just east of Sioux Lookout, to Conmee, 35 miles west of Port Arthur, a total abandonment of 1,570 miles of Canadian National main line, all of which is the very best in Canada as to grades and curvature. The

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

population served in the area referred to is approximately 55,000; and in 1937 the earnings in the territory amounted to $3,000,000. That is local earnings, in and out from the stations, not counting through business. The property investment, other than railway, is estimated at $24,000,000.

The section Ottawa to Capreol is a lumbering area, but 10 miles east of Capreol there are very important mining possibilities.

From Capreol west to Long Lac there are lumber, pulpwood and mining developments, and being in the mineral belt the area is under active investigation by the mining industry.

From Armstrong until the prairie lands are reached (approximately sixty miles east of Winnipeg) the Canadian National line runs through a territory which has seen probably the greatest mineral development during the past ten or fifteen years. At Collins west of Armstrong, the Chromium Mining and Smelting Company have been actively developing their property and have been shipping ore from this point.

Timber is being cut and marketed from Fees Mills on the N. T. R. about 100 miles east of Sioux Lookout and there are shipments of pulpwood from this area to the head of the Lakes and in the territory east of Sioux Lookout the line to Fort William runs through a heavily timbered country where the paper companies and other holders have large blocks of timber, which produce a heavy tonnage annually. In addition this line serves mining developments east of Sturgeon Lake.

At Savant Lake, 70 miles west of Armstrong, the winter road to the Pickle Crow Mine leaves the main line of the Canadian National Railway. This constitutes the short haul to the Pickle Crow mining area in the winter season, and in 1937 there were approximately 2,000 tons handled through this gateway to the various mines.

Sioux Lookout, which originally was only a railway terminal, has developed into a headquarters for the air service, radio service and the mining industry in this section, and as a result, the town has prospered through these sources and become a substantial community with the usual interests associated with the northern developments. It is the air base for the various air lines.

At Hudson, twelve miles west of Sioux Lookout, located on Lac Seul, is situated the base for the movement of freight into the Red Lake and Patricia areas by the transport companies. The water route from this point is approximately 110 miles and a heavy tonnage is handled by tug and scows during the season of open navigation and by tractor and sleighs during winter. The tonnage during 1937 from Hudson to Red Lake was:—

| | | |
|---|---|---|
| By air | 2,404 | tons |
| By tractor train on the ice during winter | 5,898 | " |
| By tug and barge during navigation | 16,789 | " |
| Total | 25,091 | |

This tonnage comprises mining machinery, mining supplies and tools, electrical equipment and similar commodities from eastern Canada, and meats and other supplies from the West. The tonnage through Hudson has more than doubled during the last two years, and on account of the activity in the Red Lake and Patricia districts, it will, undoubtedly, materially increase. The tonnage handled in 1937 indicates approximately the percentage that it is possible, or economically practicable, to move by air.

The waters tributary to the Canadian National Railway adjacent to this point serve a very large wooded area and the lumber mills located at Hudson and in that vicinity are shippers of forest products.

[Mr. W. A. Kingsland.]



At Minaki there are about two hundred summer cottages representing an investment of $300,000, and a similar number of cottages representing a corresponding investment in various lake resorts between McIntosh and Ophir, a distance of 80 miles, and there is no access other than via the Canadian National Railways in this territory.

The line from Elma, fifty miles east of Winnipeg to Winnipeg, runs through good agricultural territory which is well settled and increasing in agricultural production year by year.

To abandon this potentially rich and productive north country appears to me as an industrial impossibility and from a railroad viewpoint the proposal to abandon or degrade this Canadian National Transcontinental road shows a lack of understanding of the conditions. Here you have on one hand a line with fine gradients and curvatures and on the other hand a line of heavy grade and sharp curvatures. On the Canadian National line it is possible on the first section under consideration, i.e., Ottawa-Capreol, to handle 50 per cent more tonnage in either direction per locomotive than on the corresponding C.P. line Smith Falls-Sudbury, and on the second section, Capreol-Armstrong, a locomotive can handle 80 per cent more tonnage westward and 110 per cent more eastward than can be handled on the C. P. line Sudbury-Fort William. In regard to the C. P. line Fort William-Winnipeg and the corresponding C. N. line Armstrong-Winnipeg, the C. N. line westward can handle 65 per cent more tonnage per locomotive than the C. P. line. Eastward, however, the C. P. can handle approximately 20 per cent more out of Winnipeg per locomotive than can the C. N. on its Winnipeg-Sioux Lookout line. This involves primarily the grain movement to the Lakehead.

In the event the abandonment of the C.N. line is not accomplished, it is indicated in the C.P. Exhibit 70 (page 943) that it is proposed to degrade the line and operate tri-weekly mixed service. This in my judgment should not be contemplated. All these people and industries have gone into this territory, invested capital and labour on the natural assumption that they would continue to receive adequate rail service. However, if the line were to be degraded, in our opinion, a minimum of straight passenger train service six days per week in each direction would be required between Capreol and Winnipeg, in addition to such local freight service as would handle the local freight traffic, which would probably be, in off seasons, three times a week, increasing during the heavy shipping seasons, but such a service would seriously affect the marketing ability of industries in the territory in question.

The abandonments contemplated in the C.P. proposal if made effective, in my opinion would set this whole north country back many years, and would cause a financial loss to Canada of many millions of dollars per annum.

In my judgment the line should neither be abandoned nor degraded, but on the other hand, as we have an ideal situation, the line should gradually be built up to the highest possible standard so as to provide the fastest and best possible route between Eastern and Western Canada, not only for the advantage of Canada, but in the interest of national defence.

That is my story.

*By Right Hon. Mr. Meighen:*

Q. Mr. Kingsland, do you contend that the Transcontinental in your territory just described is no burden to the National Railways at all?—A. I don't say that, Senator. It is a burden, there is no question about that; but it is building up the country, and it runs through a rich territory. It runs through the best mining territory in northern Ontario and Quebec.

Q. It is a burden financially?—A. It is a burden, there is no doubt. It does not pay at the present time, but there is a future to this country that must not be overlooked.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Q. The whole road is paying worse as the years go on. You are making out that this part is gaining. What is the part that is losing?—A. I did not say it is gaining. I just gave the earnings in 1937.

Q. It is not gaining; it is going to gain?—A. It is gaining a little each year.

Q. What is the part that is losing, that keeps going behind?—A. There is no question of doubt about this part of the National Railway, the Transcontinental, is losing money, but it is a prospect.

Q. It is continually improving, but the whole road, taking five years at a time, is certainly not improving in its financial results.—A. You have to take into consideration the business conditions in the country; they are bad.

Q. But then last year we had pretty good conditions, and pretty bad results.—A. Last year on the Central Region we had a net of $11,000,000. In 1928 on the same region we had a net of $32,000,000.

*By Hon. Mr. Robinson:*

Q. A net?—A. Net operating.

*By Hon. Mr. Haig:*

Q. Last year your net was what?—A. On the Central Region $11,000,000.

Q. Profit?—A. Operating over revenue.

Q. And in 1928?—A. And in 1928 we had $32,000,000 net on that region.

Q. What about 1934?—A. I have not the figures. I was in Western Canada in 1928, and their net earnings in Western Canada were $16,800,000. That is the line that is no good!

*By Mr. Biggar:*

Q. It is apparent that we have too much mileage?—A. It looks so if you glance at that map.

Q. After all, what the committee is concerned with is how are we going to relieve the country of the burden. Do I understand that you say we must stand pat?—A. Yes.

Q. And wait for the draw?—A. That is my stand; draw another card.

Q. And if the pot gets too expensive in the meantime we just lose everything; is that it?—A. If those lines are abandoned your income from taxes is going to drop down more than the cost of carrying those lines.

Q. That is very serious?—A. It is.

Q. Do you mean the cost of carrying the line is going to mean more taxes in the future?—A. No. I say the loss you now receive in taxes will be greater than this line is costing you to carry.

*By the Chairman* (Hon. Mr. Beaubien):

Q. That would be the penalty of abandoning this line?—A. Yes.

*By Mr. Biggar:*

Q. Would it be the penalty of abandoning any line?—A. It depends upon the line.

Q. In this piece?—A. There are some lines can be abandoned with profit.

Q. In this case?—A. I would not take the Transcontinental line. You might take a section here or there, but to take up all the Transcontinental line would be a mistake.

Q. Will you give us a constructive suggestion of how we are going to relieve ourselves of this burden?—A. I cannot tell you how to do that.

Q. Are we just to go on and pay $50,000,000 a year?—A. We hope that $50,000,000 will become $40,000,000, then $30,000,000, then $20,000,000, and so on.





*By Hon. Mr. McRae:*

Q. Mr. Kingsland, you spoke about building up the grade of the road. That is a thin section one that does not pay. Would it not be possible to reduce the expenditure there and operate that section a little more economically under these adverse circumstances in the hope of gradually building it up until it will some day be paying?—A. My idea is if there is unification you should carry your tonnage on the line that can take the most per locomotive.

*By Hon. Mr. Haig:*

Q. Is not that your line?—A. Sure.

*By Hon. Mr. McRae:*

Q. I did not have unification in mind. I had your idea of building up the road. In view of the thin traffic, could you not operate those roads a little more economically?—A. That is our main job all the time, to watch the dollars. I heard someone ask a question here if it was possible on the Canadian National to lay off men without being called down. On May 19 1 laid off 1,235 men, and I have not heard anything about it from Parliament or from anywhere else.

*By Mr. Haig:*

Q. If the roads were unified and you were manager of this Central Region, could not your line from Capreol to Winnipeg via Long Lac and Nakina handle all the traffic that goes over that line and the C.P.R.?—A. I would handle all the freight traffic over the low grade line, and some of the passenger traffic.

Q. Could the C.P.R. handle all the passenger traffic?—A. Well, they say they can. Perhaps they can. I should not like to answer that question.

Q. You would handle all the freight traffic?—A. I think we could without any trouble as far as Winnipeg. I do not mean any grain traffic.

Q. I am not asking you that.

*By Mr. Biggar:*

Q. Even apart from abandonment, you have no suggestion of how to save money?—A. No. We are doing that every day of the week. That is our job. That is why I am grey-headed.

*By Hon. Mr. Coté:*

Q. What did you mean about the loss of taxes?—A. If you tear up this line, there are 55,000 people there who will have to get out, and you will get no taxes from that part of the country. They are paying taxes now.

A. E. Warren, Vice-President, C.N.R. Western Lines, was called as a witness and took the stand.

*By Mr. Biggar:*

Q. Mr. Warren, you are the Vice-President for the Western region of the Canadian National?—A. Yes, sir.

Q. And your region extends from where to the Pacific?—A. From the head of the lakes, Duluth and Armstrong, to the Pacific coast.

Q. You were going to speak about the Kamloops-Vancouver section, were you not?—A. Yes, sir, and also the matter of the British Columbia steamships and the tug and barge services.

Q. Have you a memorandum to present to the committee?—A. I will file this memorandum after I read it.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120012

Q. You are going to file the memorandum, or are you going to read it?—A. I am going to read it now. I am first going to deal with the general conditions of degrading, unification, and so on.

Statements made by the Canadian Pacific officers were to the effect that in addition to certain line abandonments, other lines would be degraded, and it would appear that the suggestion is that the Canadian Pacific main line would be used for through traffic between the East and the West, the Canadian National main line to be degraded to secondary line standard where it is not altogether abandoned.

If, as inferred, the line west of Winnipeg were to be degraded, such action would immediately affect the valuation of properties at all points, including such cities as Saskatoon, Prince Albert, North Battleford and Edmonton, as the service would have to be of a lower standard on account of track conditions, etc. The Canadian National main line serves what may be termed the garden of the West and undoubtedly further development in Western Canada will be largely to the north. Should the alternative be considered and the Canadian Pacific main line degraded, other large cities such as Brandon, Regina and Calgary would be similarly affected. It is, therefore, an absolute necessity that both main lines be maintained at a standard permitting of present service being continued.

The Canadian Pacific maintains considerable double track west of the Lakehead, and according to standard engineering formula the second main track costs for maintenance 80 per cent of the cost of the first track. Even if this figure were reduced to 50 per cent, would it not be more advisable to consider the abandonment of large portions of the second main track, thus effecting a greater saving in maintenance than could be obtained by degrading the Canadian National line, and at the same time permitting the large cities on both lines to be given the same service as at present without in any way affecting the valuation of properties? Such a saving is not predicated on any system of co-operation or unification.

With regard to the lines through the mountain territory. While a statement was made before this committee that over a period of years a great many more Canadian National trains had been detoured over Canadian Pacific tracks than Canadian Pacific trains over the Canadian National west of Kamloops, in discussing this question it is considered that the entire mountain territory should be taken into account. The statement we have had prepared shows that from 1929 to date, 126 C.N.R. trains were detoured over various sections of the Canadian Pacific through the mountains while 82 C.P.R. trains were detoured via the C.N.R. This covers the territory west of Edmonton and Calgary. In 1929, 46 C.P.R. trains were handled Edmonton to Kamloops over the C.N.R., in addition to 1,384 revenue loads turned over to the C.N.R. by the C.P.R. for handling between the same points. These revenue loads, based on a figure of 60 cars to a train—which was the average train handled under the weather conditions prevailing at the time, and which would be high, it was winter—would increase the Canadian Pacific detours by another 23 trains. Mention was also made of the fact that the Canadian Pacific have an alternative route, but during the period mentioned in 1929, after the detour arrangement was first put into effect, it was cancelled by the C.P.R. and they endeavoured to handle their traffic via their alternative route. The success of the route can be judged by the fact that after two or three days arrangements were again made to detour all trains over the C.N.R.

Committees are now making a further study to see whether it would be possible to reduce costs of operation by jointly using any sections of either line west of Kamloops, eliminating or degrading the line on one or the other side of the river. The experiences of 1935, however, when both transcontinental lines were tied up, indicate that the most careful thought would have to be





120013

given to the matter before any section of either line could be abandoned, and further, I believe it is an admitted fact that when we have another big crop in Western Canada and there is a large movement to Pacific coast points, it would be an impossibility to handle the traffic properly with one line unless it were double-tracked. It might be mentioned here that when both systems were blocked by slides and washouts early in 1935 the so-called alternative route was also closed, and as a matter of fact it is usually closed up for some time every winter.

Boston Bar is the Canadian National terminal opposite North Bend on the Canadian Pacific, and the main line of the Canadian National between that point and Vancouver serves the Chilliwack valley. A portion of this line—Hope to Sumas (the latter point approximately 37 miles west of Hope) is covered by an agreement with the V. V. & E. Railway and Navigation Company (the Great Northern Railway) under which they have joint and equal use of all tracks and facilities, for which we receive an annual rental of $42,500, although the Great Northern are not at present using the line. This line between Boston Bar and Port Mann serves a population of approximately 26,000 people. If this line were abandoned to Port Mann, as has been suggested, it would leave several communities without any proper railroad service. Some of the more important points that would be affected would be Chilliwack, Port Mann (the terminus of the car barge service to Vancouver Island), as well, of course, as the city of New Westminster, which would be served by a spur line.

Chilliwack, as an illustration, has a population of about 2,500, with another 6,000 people in the district immediately surrounding it. If the C.N.R. rails were taken up, carload traffic loaded at Chilliwack on the B.C. Electric Railway would require to move from Chilliwack to Abbotsford on the B.C. Electric, thence via the Canadian Pacific to Mission, where connection is made with the C.P.R. main line. The distance from Chilliwack to Hope via the C.N.R. is 31·6 miles and via the suggested route this would be increased to 79 miles. Similarly, from Chilliwack to Vancouver via the C.N.R. is 59·9 miles, while via Abbotsford, Mission and the C.P.R. it would be 72·7 miles; via the B.C. Electric direct to Vancouver it is 76·3 miles. The distance from Chilliwack to Agassiz, on the main line of the C.P.R., via highway from Chilliwack to east of Rosedale, and thence by ferry to Agassiz, is 12 miles. This presumably would be the route for L.C.L. traffic and passengers and express eastbound. Earnings at Chilliwack station for 12 months ending April 30, 1938, were approximately $73,000, which does not include over 1,200 carloads of lumber, fruit, canned goods, etc., received from connections at that point.

Port Mann, as stated, is the terminus of the car barge service to Vancouver Island, which service is dealt with in another memorandum. All C.N.R. freight traffic to and from the Island is handled through this point in a much more efficient and economical manner than possible through Vancouver.

There is also the Fraser River elevator to be served and, as mentioned, the city of New Westminster.

Between New Westminster and Vancouver there is a joint section agreement with the Great Northern Railway, and at Vancouver the Canadian National (Canadian Northern Pacific) is required under its agreement with the city, to maintain its station, etc.

The Canadian Pacific proposal calls for a reduction in supervisory operating forces by two regional offices, ten district offices and twenty-three divisional offices. The present system of operation on the Canadian National and Canadian Pacific as a whole are practically identical. The operating supervisory staffs on the Western region of the Canadian National are much less than on the Canadian Pacific. There are, for instance, on the Canadian

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120014

National Western region 9 line superintendents and 2 terminal superintendents as against 15 line superintendents and 2 terminal superintendents on the C.P.R.; and 17 assistant superintendents on the C.N.R. as against 26 on the C.P.R., with total mileage approximately the same. The average mileage for the Canadian National line superintendents on the Western region is 1,103, and it would be an impossibility to have proper supervision if any scheme of joint operation were put into effect that required an increase in this mileage.

Since 1930 the operating supervisory staff on the Canadian National Western region has been reduced by 11 officers, including 4 divisional superintendents and 4 assistant superintendents, while reductions have also been made in despatching staffs, mechanical and engineering supervisory forces, bringing the total reductions to 71 official and supervisory positions with a saving of $295,600 annually. Coupled with reduction in basic rates of officers remaining, total savings of $391,152 per annum have been effected.

*By Hon. Mr. Coté:*

Q. When was that done?—A. Since 1930. It has been progressive. With these reductions in supervisory forces, there were also reductions in the divisional staffs.

Now, I shall go on with the steamships?

*By Mr. Biggar:*

Q. Can we deal with this one separately?—A. Yes, sir.

Q. I suppose that if the traffic rose to the 1930 level these 71 officers who have been let out since 1930 would have to be re-appointed, and the $391,000 of savings— —A. No, sir. There would have to be some appointed. I mean to say you all learn by experience. You find you can get along without something if you haven't got it.

Q. That is exactly what the Canadian Pacific is suggesting, that you could get along without something when you have to. How much of the $391,000 would you have to spend again if the traffic was restored?—A. As near as I could figure out, there would be about two division superintending offices. That would be the outside. That would be somewhere around a total of $25,000 to $35,00 a year.

Q. Out of the $391,000?—A. That is all I would put on.

Q. Does that mean that in 1930 you were spending $360,000 more than was necessary?—A. No, pardon me. This is with a reduction in the basic rates of officers also included. You know, all the higher officers had a deduction of about 20 to 25 per cent downwards.

Q. I just want to get the facts.—A. That would be $295,000—well, $391,000, together with the deduction.

Q. I was asking you how much you would have to increase the present to get that to the 1930 traffic level, and I gather you said $30,000?—A. Just a minute. It is $30,000 to $35,000 a division office.

Q. Do you mean you were spending $360,000 more than was necessary in 1930?—A. No. A lot of those other officers were officers whose positions we have now abolished and consolidated.

Q. I gathered from what Mr. Hungerford said that the art of railroading has been advancing, but I do not suppose he was intending to suggest that it had advanced so much that $35,000 would cover the ground that some $300,000 would have been required for a few years ago?—A. No. Our organization is such that we would have to reinstate two division offices. Each office would cost us about $35,000.

Q. Or $70,000 all together?—A. Yes.

Q. So that the difference is really about $320,000?—A. Yes.



120015



*By Hon. Mr. Haig:*

Q. But that $320,000 is with the reduction in salaries too?—A. Yes.

*By Hon. Mr. Moraud:*

Q. There was a general revision in 1932?—A. Yes.

*By Mr. Biggar:*

Q. How much difference does that make?—A. There was a reduction of the basic rates of the higher officers, of anywhere from 25 per cent down.

*By Hon. Mr. Moraud:*

Q. You will not need those officers again, those officers whose positions were abolished?—A. No, we do not intend to replace all of them.

Q. You had some very expensive officers in Vancouver, for instance, that you will not need again, no matter what the traffic is?

Hon. Mr. HAIG: Senator Moraud must have been a Director of this road.

Hon. Mr. MORAUD: I was, yes.

*By Mr. Biggar:*

Q. Can you tell us how we can save some money, not how we must spend it?—A. Well, the unfortunate position in that territory is, that we have been poverty stricken for a couple of years. But there seems to be a bright light out there now. If we could get an average crop of, say, 400,000,000 bushels, or if we got a bumper crop of 500,000,000 bushels, of course the picture would change immediately. Our crop movement this year—we always base it from August 1, and this is right up to the end of May—this year we handled 42,167 cars of grain as against 60,899 last year. And last year was a bad year. We have handled up to 124,000 and 125,000. Then, take the grain going to Vancouver. In 1928 we had 31,579 cars. That was pretty nearly as many as we handled to every place this year. And this year to Vancouver we handled 3,301 cars.

Q. You have no suggestion, except to wait and see?—A. Well, we are not waiting and seeing; we are trying to cut out every dollar we can right now, that is consistent with safety.

*By Hon. Mr. Black:*

Q. Is there any duplication of line in your territory that you think could be eliminated?—A. We are making a study of several lines and we made a recommendation for the elimination of some lines, but not as to any big mileage. There are some studies on the way all the time. We have got committees studying that now, and we have some final reports in, with regard to this, between both companies; that is, we have agreed on them.

*By Mr. Biggar:*

Q. Now, will you go on with the steamship operation?—A. This is in connection with the operation of the British Columbia coastal services. Captain McMurray estimates an annual saving of $400,000 by unification of B.C. coastal services—see page 970 of No. 18 of the record—made up as follows:—

| | |
|---|---|
| 1. Elimination of two Alaska vessels | $100,000 |
| 2. Purchase of two new vessels for $3,000,000— | |
| Interest at 4 per cent | 120,000 |
| Depreciation at 3 per cent | 90,000 |
| 3. Consolidation of Car Barge Service | 97,000 |
| | $407,000 |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120016

In the years 1936 and 1937 the passengers carried, (one-way), in the Alaska summer season service were as follows:—

| Canadian National— | 1936 | 1937 |
|---|---|---|
| Skagway passengers | 3,184 | 3,733 |
| Other Alaska ports | 352 | 272 |
| Local B.C. passengers | 767 | 600 |
| Total | 4,253 | 4,605 |
| **Canadian Pacific—** | **1936** | **1937** |
| Skagway passengers (actual as furnished by C.P.R.) | 2,946 | 3,161 |
| xOther Alaska ports | 350 | 250 |
| xLocal B.C. passengers | 700 | 500 |
| Total | 3,996 | 3,911 |
| xEstimated in same proportion as Canadian National Total C.N. and C.P. | 8,249 | 8,516 |

These figures exceed for 1937 the total first-class carrying capacity of all Alaska ships of both C.N.R. and C.P.R. which is accounted for by local passengers not requiring berthing accommodation.

Q. I am sorry, I did not follow that. Were you merely remarking that the number of passengers that you have put down is in excess of the berth accommodation of the boats?—A. Yes, because we have taken in the deck passengers.

The capacity of the Alaska ships of both Companies is as follows:—

| Canadian National | Alaska trips | Capacity 1st class | Total passengers |
|---|---|---|---|
| *Prince Robert* | 6 | 319 | 1,914 |
| *Prince Rupert* and *Prince George* | 11 | 206 | 2,266 |
| Canadian National capacity for season | | | 4,180 |
| Canadian Pacific (corresponding period) | | | |
| *Princess Louise* | 7 | 210 | 1,470 |
| *Princess Charlotte* | 7 | 228 | 1,596 |
| *Princess Alice* | 5 | 196 | 980 |
| Canadian Pacific capacity for season | | | 4,046 |
| Combined capacity both companies for season | | | 8,226 |

It is obvious that the 1937 or 1936 Alaska passengers could not have been handled by less than the entire six number of ships operated. Captain McMurray's saving of $100,000 is predicated on reducing the Alaska ships from six to four.

In view of the increased efforts of the United States Government to develop the domestic tourist industry—which includes Alaska—through a special Bureau recently organized, and by large advertising expenditures, the growth of tourist business to this section (Alaska) will continue.

*Item 2:*

With reference to the statement of Captain McMurray that two new ships may be required in the next five years, entailing an annual expense of $210,000, it is our opinion Canadian National are well equipped to handle the Alaska business without the purchase of any new ships in the immediate future.

*Item 3:*

Consolidation of Car Barge Service. This will be dealt with toward the close of this submission.

With reference to Captain McMurray's statement—page 967 of No. 18 of the Record—that until 1930 Canadian National had never operated on that (Alaska) route, but in that year brought out another new vessel to the coast and placed it in the Alaska service and they also extended the operations of their Vancouver-Prince Rupert steamers to Alaska.

[Mr. A. E. Warren.]

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120017



The Canadian National have continuously operated an Alaska service from Vancouver to Skagway during the summer season since 1925, and previous to that the Grand Trunk Pacific also operated between Vancouver and Skagway during the summer season—years 1916, 1917 and 1918—so that the present service could not in any sense be considered a new service or extra services put on in 1930 by Canadian National as stated by Captain McMurray.

Contrary to the opinion expressed by Captain McMurray—page 969 of No. 18 of the record—that 1929 was the year of peak traffic for Alaska business, we submit from our experience that 1936 and 1937 were in excess of 1929 by 28·4 per cent and 37·8 per cent respectively.

On page 970 of No. 18 of the record the question is asked by the Hon. Mr. Cote, "I would like to ask the witness a question. I am curious to know if you have any figures as to the number of passengers carried by the six ships, three Canadian National and three Canadian Pacific to Alaska." Captain McMurray replies, "No, I haven't the figures of the passengers carried. The calculation is all made on the assumption that the original three ships on the Alaska service would carry all the passengers offering We know that they carried all the passengers offering in 1929 which was the peak year, and still had a margin to spare; therefore we assume they could have carried them all in the years when these other ships were operating."

We would again state that the Canadian National did operate an Alaska service in 1929 (13 trips operating to capacity) and in our opinion this business could not have been handled by the Canadian Pacific in addition to their own business with their three ships operating to Alaska that year.

Captain McMurray's statement on page 966 of No. 18 of the record that the Canadian National inaugurated a new service in 1930 between Vancouver, Victoria and Seattle is rather misleading, as from 1910 to 1923 a twice-weekly service in summer, and a weekly service in winter was operated by the Grand Trunk Pacific Coast Steamship Company (now the Canadian National Steamships) between these ports. This service was resumed on a daily basis in 1930 and withdrawn in September 1931.

*By Right Hon. Mr. Meighen:*

Q. What was the period when it operated first?—A. From 1910.

Q. Until when?—A. Until 1923.

Q. And then it was started again when?—A. What happened was this. We used our own boats out of Seattle. We have a dock there. It was decided that the business between Seattle and Vancouver, by reason of the Jones law coming into effect, whereby we could not do any intercoastal business, would have to be abandoned, and we decided to pull out of Seattle and rent our dock. But when Sir Henry Thornton was on the road he resumed the service between Vancouver, Victoria and Seattle. Then we found in 1931 it was not really justified and we discontinued it, gave it up to the Canadian Pacific.

In justifying our being in the Alaska business, I would point out that Canadian National Railways obtain a very substantial revenue from these Alaska passengers who use our rail line on long haul, one-way and round trip. Likewise they contributed largely to the revenues of our hotels and summer resorts.

This Alaska business cannot be considered as a competitive business, but is primarily a developed tourist business that has particular appeal to Americans from a tourist standpoint. Our experience shows that it has substantially increased our steamsip earnings, rail earnings, and other revenues.

We submit that if service to Alaska were curtailed in any way, and confined to four ships, as suggested by Captain McMurray, a substantial portion of this tourist business, now handled by the two Canadian lines, due to capacity operations, would either not move or would divert to United States steamship lines.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120018



*By Hon. Mr. Gordon:*

Q. What would be your operating profit on those lines?—A. The operating profit on the Alaska business, I might say, is the only thing that keeps the darn thing alive.

Q. What would it be?—A. The net last year was not very much; it amounted to from $45,000 to $50,000; but in the summer we come up to $100,000 or $125,000.

Q. Do you take into account depreciation?—A. I think you will have to ask the Comptroller that. I do not handle the figures except to get the statement.

*By Mr. Biggar:*

Q. Mr. Warren, in regard to that, Captain McMurray tells me that perhaps there is a misunderstanding when you are talking about the ships of both companies running to capacity. You are then referring to how many trips?—A. I am referring to the Alaska season.

Q. But to how many trips?—A. We make 17 trips to Alaska in the summer.

*By Hon. Mr. Horsey:*

Q. In what time?—A. Around ten and a half days and others around eight and a half days.

*By Mr. Biggar:*

Q. Between what dates?—A. It generally starts about the middle of June and extends to September.

Q. What is the layover at each end?—A. They lay over at Skagway to let passengers go up, I think a day and a half. They lay over for passengers to go to White Pass and the Yukon and up to Atlin Lake down to Dawson City. Then when they come to Vancouver they put on short excursion runs.

Q. What is the layover between the arrival in Vancouver southbound and the departure to Alaska northbound?—A. Generally as a matter of fact only sufficient for servicing.

Q. I thought you said there were short excursion runs.—A. I said they go on excursion trips.

Q. I was speaking of the Alaska trip. What is the interval between the arrival southbound and the departure northbound?—A. Sometimes a day and a half, sometimes three days, sometimes maybe a little more.

Q. Is that when they go on excursions?—A. Yes.

Q. On that basis, I suppose, the number of trips could be increased from nineteen to about twenty-five in the interval you speak of?—A. Yes, about seven of those excursions.

Q. Captain McMurray tells me that the result of the operation of the Canadian National ships has been that the Canadian Pacific ships have not been making as many trips as they made in 1928 and 1929.—A. I do not know. I did not take in their side trips. I was taking in the purely Alaska trips.

Q. Captain McMurray tells me his estimate of being able to do without two ships was based upon using the ships now operated by the Canadian National, they being larger, and operating them continuously on that route. In those circumstances there would be more capacity on that route than anything there has ever been before?—A. We did not read it that way.

Q. Is not that the fact?—A. I don't know.

Q. You have not calculated?—A. I don't know what the Canadian Pacific can do.



120019



Q. Is not that a little unfair, Mr. Warren?—A. Which?

Q. You came——A. On that Alaska business we interchanged the information.

Q. You came here to criticize the suggestion that two ships could be relieved, and you tell me now you have not calculated whether the two ships can be relieved or not.—A. You could not relieve two ships on the statement of the Alaska business right here.

Q. No. But on the possibility of the situation have you considered that?—A. No. I was figuring exactly on the Alaska business.

Q. I do not want you to say anything that is not exactly right, but have you considered the possibility on a proper rearrangement of the steamships on the Alaska route doing without two ships that now engage in that traffic?—A. Is this on the Alaska route or on the Alaska tourist business?

Q. I do not know that there is any difference.—A. They run a regular boat to Alaska; we do not. If it is on the tourist business, according to these figures it could not be done during that time of the tourist movement.

Q. You are quite sure it could not be done?—A. I don't think two less boats could do it.

Q. No matter how continuously the ships were on that business?—A. That is only, of course, an opinion.

Q. You have not worked it out?—A. No, I have not worked it out.

Q. There is no use my pressing it then.

Hon. Mr. McRae: I think I can give you some information on that, Colonel Biggar, for I am thoroughly familiar with the position. What Mr. Warren says is true. The Alaska business in growing, and the travel to Alaska in the tourist season is limited entirely to the capacity of the ships. If you want a berth in the tourist season you have to engage it three or four months ahead.

Hon. Mr. Black: Could not the ships make more trips?

Hon. Mr. McRae: I think they are making them as fast as they can. On a trip like that a ship must lay over at Vancouver for servicing. I think the services are just as good as they can get out of the ships.

*By Mr. Biggar:*

Q. Captain McMurray tells me, Mr. Warren, there is an arrangement each year between the two companies as to how many trips they will make.

Hon. Mr. McRae: That is probably the trouble.

Mr. Biggar: They keep them full by cutting down the trips. I do not know that we can get any further on that.

*By Mr. Biggar:*

Q. What happened to those ships on the Alaska route running those excursions?—A. Tied up; that is, the big boat *Robert*. The *George* and the *Rupert* run on the regular trip as far as Stewart. In winter we only operate one boat on that run and one boat once every two weeks on the Charlotte Island run.

Q. Is the big boat tied up altogether?—A. It is tied up.

Q. Have you anything more, Mr. Warren?—A. I have the car barge matter. Captain McMurray, on page 968 of No. 18 of the Record, states,—

> The Canadian National Car Barge Terminal is at Port Mann, up the Fraser River a little above New Westminster. This service starts from there and goes over to Victoria and other points on the Island. The Canadian Pacific Car Barge Terminal is in Vancouver Harbour. It was assumed that under unification these two barge services would be consolidated and the barges routed through Vancouver. This would give an



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120020



annual saving of $104,000 with the elimination of the extra service and the elimination of one barge fleet. A further consolidation of staffs which could have been made under unification would have made a saving of $18,000.

and on page 969:—

The consolidation of the Barge Service would provide another $97,000.

and on page 968:—

It was also estimated that further savings would be effected by the consolidation of Car Barge Services between the mainland and Vancouver Island.

With reference to the proposed elimination of the Canadian National Ferry slip at Port Mann. This slip is located immediately alongside the freight train terminal at Port Mann, through which is handled all Canadian National traffic to and from the coast; cars can, therefore, be moved from car barge to train and vice versa with the minimum of expense.

The proposal contemplates and is based on the delivery of all Canadian National Island traffic at the Canadian Pacific Railway ferry slip in Vancouver Harbour for furtherance by barge.

The rail mileage involved between Port Mann and the C.P.R. ferry slips in Vancouver Harbour is 18·64 miles, necessitating an additional rail haul of 37·28 miles, going and returning, per car moved.

On basis of the 14,755 Vancouver Island cars handled in and out of Port Mann in 1930 this additional rail haul would have meant an additional car mileage of 275,181 miles.

Captain McMurray apparently has not taken this additional rail expense into consideration in his calculations.

On page 969 of No. 18 of the Record, Captain McMurray states, "A further consolidation of staffs which could have been made under unification would have made a saving of $18,000."

The staff employed in this service by the Canadian National Railways consists of one supervisor of barge and ferry service, and one clerk, whose duties also cover and include the barge and ferry service on Okanagan Lake.

The entire staff expense does not exceed one-third of the estimated saving.

On page 968 of No. 18 of the Record, Captain McMurray states:—

This would give an annual saving of $104,000 with the elimination of the extra service, and the elimination of one barge fleet.

The Canadian National tug and barge equipment to handle business to and from Vancouver Island consists of two tugs and two barges, the latter 15-car capacty each. The steamship Canora car ferry (18 car capacity) is a stand-by unit, available for service, and put into service when traffic conditions warrant.

The Canadian Pacific service provides for movement of cars between the mainland and James Island, Nanoose, Comos and Ladysmith, where connection is made with the Esquimalt and Nanaimo Railway (Canadian Pacific). Cars for Victoria and points served by rail are moved from Ladysmith by rail to destination.

The Canadian National service provides for movement of cars between the mainland and James Island, Ogden Point, Point Ellis, Cowichan Bay, Bamberton, Chemanus and Nanaimo. The Canadian National equipment, in addition to transfer of cars between the mainland and the Island is also required to handle cars of export lumber to Ogden Point dock at Victoria from Island points, and other traffic between Island points. Ogden Point has no rail connection and is only served by Canadian National tugs and barges.

[Mr. A. E. Warren.]

 120021 

The carload export lumber handled by the Canadian National Railways at Ogden Point dock since 1930 is as follows:—

| Year | Number of Loaded Cars | Feet B. M. |
|---|---|---|
| 1930 | — | — |
| 1931 | 316 | 8,500,000 |
| 1932 | 420 | 11,000,000 |
| 1933 | 1,406 | 58,500,000 |
| 1934 | 2,892 | 67,500,000 |
| 1935 | 2,165 | 52,500,000 |
| 1936 | 2,128 | 50,000,000 |
| 1937 | 964 | 23,000,000 |

Average for seven years 1,470 cars per year, or 2,940 loads and empties in and out of Ogden Point, and in the peak year of 1934, 3,784 loads and empties in and out of Ogden Point. This traffic is in addition to the movement of cars between Port Mann and Island points. The total cars moved by barge and ferry service in and out of Port Mann were as follows:—

1930—14,755 cars, or an average of 7,377 each way.

1937—9,858 cars, or an average of 4,929 each way.

The capacity of the Canadian National tugs and barges out of Port Mann is 600 cars per month. The average one-way movement for the year 1930 was 615 cars per month—there must have been some overtime—and for the year 1937, 416 cars per month, or 70 per cent of tug and barge capacity.

However, the service arranged cannot be based on yearly or monthly averages, and the daily fluctuations are such as to require the reasonable provision of car capacity to take care of such fluctuations.

The situation of the industries and the communities on Vancouver Island must be considered in the light of the physical conditions as they exist. The industries, due to location, are somewhat handicapped in their realtion to markets as compared with similar industries located on the mainland. The communities must receive and ship those similar products, many of a perishable character, which are produced or required by similar communities located on the mainland.

Owing to the failure of the Canadian Pacific Railway to disclose the details of traffic handled by them, we have had to assume that the Canadian Pacific carload traffic to and from Vancouver Island is at least comparable with that of the Canadian National Railways, possibly greater. The proposal contemplates the elimination of one barge fleet, as stated by Captain McMurray at page 986.

It is apparent that this cannot be done, and that in addition the Canadian National tug and barge service provides the most economical transportation by not requiring the somewhat expensive rail haul between Port Mann and Vancouver waterfront, and on the Esquimalt and Nanaimo Railway from Ladysmith to Victoria.

*By Mr. Biggar:*

Q. Have you made any study of what saving could be effected in connection with these barges by unification?—A. It would all depend, sir, if it was unification of the whole system, or just of the barges. If it is unification of barges, there would be nothing in it. It would cost more than would be saved.

Q. But on the other basis?—A. I do not believe that Captain McMurray can do away wtih two barges, but I believe that at times it might be possible to dispense with one.

Q. Have you made any study on the basis of unification of the two systems?—A. I have come to a conclusion.

Q. Have you made any study?—A. No, I have not.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120022

*By Hon. Mr. McRae:*

Q. You have no harbour dues at Port Mann, have you?—A. No, sir. That is another thing. I forgot that.

Now, I want to add that in March, 1933, the Canadian National and Canadian Pacific Railways appointed a joint committee to consider all economies possible in operations of the several coastal services under either—(1) amalgamation of fleets, or (2) elimination of duplicate services through co-operation. The committee consisted of Thomas Louden, Acting General Superintendent, and G. A. McNicholl, General Passenger Agent, for the Canadian National, and C. D. Neroutsos, Manager of Coastal Services, and N. R. DesBrisay, Assistant Passenger Traffic Manager, for the Canadian Pacific. The findings of this committee were that no further economies would be effected by adopting either of the proposals, and I wish to file with you a copy of this report.

*By Hon. Mr. Hugessen:*

Q. A joint report?—A. Yes, sir.

*By Mr. Biggar:*

Q. That is the report of the joint committee with regard to the savings possible in connection with— —A. Amalgamation or co-operation.

Q. In connection with the water service on the Pacific coast?—A. Yes. It more particularly refers to the steamers.

*By Right Hon. Mr. Meighen:*

Q. Do you say it covers amalgamation as well as co-operation?—A. Yes. sir. The idea was—

*By Mr. Biggar:*

Q. Just co-operation as far as the water services are concerned, but not of the two systems.—A. The idea was that if we could put them all together and form a separate company, and let them go at that.

Hon. Mr. SINCLAIR: Mr. Biggar, you got from the manager of the Atlantic region and the manager of the Central region statements of their net operating revenues or, maybe, losses. I think you should get a similar statement from Mr. Warren in regard to the Western region.

The WITNESS: I can tell you this, that last year, on account of the crop failure, we just managed to get out of the red. We were so close to going into the red that we just escaped it.

*By Hon. Mr. Sinclair:*

Q. Can you give us a comparative statement of the peak year of 1928, and where you stood that year?—A. Yes. In 1928 the business was $96,346,505.95, and the expenses $79,996,062.20, leaving a net of $15,350,453.75. That is just operating.

*By Hon. Mr. Dandurand:*

Q. I did not hear a word of that last statement. Would you mind repeating it?—A. The total operating earnings, sir, were $15,350,453.75 in 1928. Last year the total was $110,000.

*By Hon. Mr. Black:*

Q. That would be receipts over operating costs?—A. Yes, sir.





120023

*By Hon. Mr. Sinclair:*

Q. Can you file a statement to this effect? What would be your net operating revenue for last year with the economies you have put in force during the past number of years, if you had the tonnage on the Prairie Provinces that you had in 1928?—A. I think I could work out something, sir. You see, we had a decrease last year in gross business of over $29,000,000 over 1928.

Q. And your economy of operating costs as compared— —A. Our costs are down. I will work out the statement.

*By Right Hon. Mr. Meighen:*

Q. They would go back if you had a crop?—A. If we had a 400 million crop, it would mean $25,000,000 and more.

The committee adjourned until to-morrow at 11 a.m.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

EXHIBIT No. 80

BROAD DISTRIBUTION OF CANADIAN PACIFIC RAILWAY COMPANY'S ESTIMATE OF $64,268,000 SAVINGS DUE TO DECREASED OPERATING EXPENSES TO SHOW APPROXIMATE RELATIVE SIGNIFICANCE OF PRINCIPAL BASIC FACTORS

| | Reduction in Train, Locomotive and Car Miles | | Reduction in Supervisory, Traffic and General Expenses | Common Use of Facilities and Equipment, Reclassification of Lines and Consolidation of Operations | | | | | | Incidental Economies from Unification | Total | Line Abandonment Savings Included |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Passenger | Freight | | Road and Yard | Shops and Engine-houses | Stations and Offices | Road Service | Yard Service | Other | | | |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Maintenance of Way and Structures | ** | ** | 2,539,000 | 11,278,000 | 685,000 | 387,000 | | | ** | | 14,889,000 | 4,512,000 |
| Maintenance of Equipment | 3,643,000 | 2,454,000 | 1,411,000 | | 6,852,000 | | | | ** | | 14,360,000 | 718,000 |
| Traffic Expenses | | | 4,146,000 | | | | | | | 1,630,000 (Largely Advertising) | 5,776,000 | |
| Transportation Expenses—Rail | 5,952,000 | 4,275,000 | 1,290,000 | | ** | 3,471,000 | 1,616,000 | 3,535,000 | 1,364,000 | 2,491,000 (Loco. Fuel) | 23,994,000 | 1,889,000 |
| Transportation Expenses—Water Line | | | | | | | | | 42,000 | | 42,000 | |
| General Expenses | ** | ** | 4,252,000 | ** | ** | ** | ** | ** | 37,000 | | 4,289,000 | 130,000 |
| All Other Operating Expenses | 918,000 | | | | | | ** | | | | 918,000 | |
| Total | 10,513,000 | 6,729,000 | 13,638,000 | 11,278,000 | 7,537,000 | 3,858,000 | 1,616,000 | 3,535,000 | 1,443,000 | 4,121,000 | 64,268,000 | 7,249,000 |
| MAINTENANCE OF WAY AND STRUCTURES— | | | | | | | | | | | | |
| Superintendence | ** | ** | 2,493,000 | ** | ** | ** | | | ** | | 2,493,000 | |
| Track Maintenance | ** | ** | | 9,444,000 | | | | | ** | | 9,444,000 | |
| Station and Office Buildings | | | | | | 387,000 | | | ** | | 387,000 | |
| Shops and Enginehouses | | | | | 685,000 | | | | ** | | 685,000 | |
| Removing Snow, Ice and Sand | | | | 475,000 | | | | | ** | | 475,000 | |
| Crossings, Signals and Interlockers | ** | ** | | 365,000 | | | | | ** | | 365,000 | |
| Stationery and Printing | ** | ** | 46,000 | ** | ** | ** | | | ** | | 46,000 | |
| Other | ** | ** | | 994,000 | ** | ** | | | ** | | 994,000 | |
| Total | ** | ** | 2,539,000 | 11,278,000 | 685,000 | 387,000 | | | ** | | 14,889,000 | 4,512,000 |
| MAINTENANCE OF EQUIPMENT— | | | | | | | | | | | | |
| Superintendence | ** | ** | 1,411,000 | | ** | | | | ** | | 1,411,000 | |
| Shop Machinery | 118,000 | 116,000 | | | ** | | | | ** | | 234,000 | |
| Steam Locomotives—Repairs | 1,801,000 | 1,465,000 | | | 4,499,000 | | | | ** | | 7,765,000 | |
| Freight Train Cars—Repairs | | 853,000 | | | 1,851,000 | | | | ** | | 2,704,000 | |
| Passenger Train Cars—Repairs | 1,694,000 | | | | 68,000 | | | | ** | | 1,762,000 | |
| Work Equipment—Repairs | ** | ** | | | 371,000 | | | | ** | | 371,000 | |
| Floating Equipment—Repairs | | | | | 8,000 | | | | | | 8,000 | |
| Injuries to Persons | 30,000 | 20,000 | | | 55,000 | | | | ** | | 105,000 | |
| | 3,643,000 | 2,454,000 | 1,411,000 | | 6,852,000 | | | | ** | | 14,360,000 | 718,000 |
| TRAFFIC EXPENSES— | | | | | | | | | | | | |
| Superintendence | | | 1,324,000 | | | | | | | | 1,324,000 | |
| All Agencies | | | 2,339,000 | | | | | | | | 2,339,000 | |
| Advertising | | | | | | | | | | 1,542,000 | 1,542,000 | |
| Traffic Associations | | | | | | | | | | 88,000 | 88,000 | |
| Industrial Bureaus | | | 92,000 | | | | | | | | 92,000 | |
| Stationery and Printing | | | 312,000 | | | | | | | | 312,000 | |
| Other | | | 79,000 | | | | | | | | 79,000 | |
| | | | 4,146,000 | | | | | | | 1,630,000 | 5,776,000 | |
| TRANSPORTATION EXPENSES—RAIL— | | | | | | | | | | | | |
| Superintendence | ** | ** | 1,290,000 | | ** | ** | ** | ** | ** | | 1,290,000 | |
| Despatching Trains | ** | ** | | | | | ** | | 552,000 | | 552,000 | |
| Station Operations | ** | ** | | | | 3,471,000 | | ** | | | 3,471,000 | |
| Yard Operations | ** | ** | | | ** | | | 3,535,000 | ** | 409,000 (Loco. Fuel) | 3,944,000 | |
| Train Service | 5,276,000 | 4,242,000 | | | ** | | 1,616,000 | | ** | 2,082,000 (Loco. Fuel) | 13,216,000 | |
| Sleeping Car Service | 628,000 | | | | | | ** | | | | 628,000 | |
| Crossings and Signal and Interlocker Operation | ** | ** | | | | | | | 229,000 | | 229,000 | |
| Stationery and Printing | ** | ** | ** | | ** | ** | ** | ** | 126,000 | | 126,000 | |
| Other | 48,000 | 33,000 | | | | | | | 457,000 | | 538,000 | |
| | 5,952,000 | 4,275,000 | 1,290,000 | | ** | 3,471,000 | 1,616,000 | 3,535,000 | 1,364,000 | 2,491,000 | 23,994,000 | 1,889,000 |
| TRANSPORTATION EXPENSES—WATER LINE | | | | | | | | | | | | |
| Operation of Vessels | | | | | | | | | 42,000 | | 42,000 | |
| GENERAL EXPENSES— | | | | | | | | | | | | |
| Salaries and Expenses of General Officers | ** | ** | 677,000 | ** | ** | ** | ** | ** | ** | | 677,000 | |
| Salaries and Expenses of Clerks and Attendants | ** | ** | 2,669,000 | ** | ** | ** | ** | ** | ** | | 2,669,000 | |
| General Office Supplies and Expenses | ** | ** | 481,000 | ** | ** | ** | ** | ** | ** | | 481,000 | |
| Law Expenses | ** | ** | 363,000 | ** | ** | ** | ** | ** | ** | | 363,000 | |
| Insurance | ** | ** | | ** | ** | ** | ** | ** | 37,000 | | 37,000 | |
| Stationery and Printing | ** | ** | 62,000 | ** | ** | ** | ** | ** | ** | | 62,000 | |
| | ** | ** | 4,252,000 | ** | ** | ** | ** | ** | 37,000 | | 4,289,000 | 130,000 |
| ALL OTHER—OPERATING EXPENSES— | | | | | | | | | | | | |
| Dining and Buffet Car Service | 918,000 | | | | | | ** | | | | 918,000 | |
| Grand Total | 10,513,000 | 6,729,000 | 13,638,000 | 11,278,000 | 7,537,000 | 3,858,000 | 1,616,000 | 3,535,000 | 1,443,000 | 4,121,000 | 64,268,000 | 7,249,000 |

CANADIAN PACIFIC RAILWAY COMPANY,
MONTREAL, JUNE 11, 1938.

**A proportion of the total amount shown on this line is distributable under columns marked "**". Such proportion, however, is not determinable because in compiling the estimate the Canadian Pacific determined the expenses for maintaining and operating the unified property and not the reduction for the individual factors of economies which were foreseen.





1204 24 COMMITTEE
1204 25

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

120026

EXHIBIT No. 81

CANADIAN PACIFIC RAILWAY STATEMENT RE OPERATING RATIO OF UNIFIED SYSTEM YEAR 1930

| | | |
|---|---|---|
| Gross Revenues— | | |
| Canadian Pacific (Table 11, Page 51) | $196,211,626 | |
| Canadian National (Table 11, Page 51) | 250,368,998 | |
| Add: | | |
| Northern Alberta Railways | 2,253,740 | |
| Total year 1930 under separate operation | 448,834,364 | |
| Add: | | |
| Increase in Gross Revenues under unified management (exhibit G, Page 421) | 1,396,000 | $450,230,364 |
| Operating Expenses— | | |
| Canadian Pacific (Table 12, Page 51) | $153,750,665 | |
| Canadian National (Table 12, Page 51) | 228,288,023 | |
| Add: | | |
| Northern Alberta Railways | 1,952,390 | |
| Total year 1930 under separate operation | $383,991,078 | |
| Deduct: | | |
| Savings under unified management: | | |
| Railway Operating Expenses (Exhibit "H," Page 422) | $64,267,683 | |
| Telegraph Expenses (Exhibit "I," Page 426) | 947,768 | |
| Express Expenses (Exhibit "J," Page 426) | 1,450,000 | $66,665,451 $317,325,627 |
| Net Railway Operating Revenues | | $132,904,737 |

| Operating Ratios | Canadian Pacific | Canadian National | N.A.R. | Combined |
|---|---|---|---|---|
| Under separate operation | 78·4 | 91·2 | 86·6 | 85·6 |
| Under unified management | | | | 70·5 |



EXHIBIT NO. 82

120027

COMPARISON BY C. P. RY. OF UNIT COSTS YEARS 1930 AND 1937, CANADIAN PACIFIC RAILWAY SYSTEM AND CANADIAN NATIONAL RAILWAYS

| — | Unit Basis | Year 1930 C.P.R. | Year 1930 C.N.R. | Year 1937 C.P.R. | Year 1937 C.N.R. |
|---|---|---|---|---|---|
| MAINTENANCE OF WAY AND STRUCTURES— | | $ cts. | $ cts. | $ cts. | $ cts. |
| Superintendence | Per mile of line | 84 00 | 167 00 | 78 00 | 120 00 |
| Track Maintenance | Per mile of line | 1,164 00 | 1,412 00 | 801 00 | 989 00 |
| Station and Office Buildings | Per mile of line | 84 00 | 83 00 | 55 00 | 70 00 |
| Shops and Enginehouses | Per mile of line | 45 00 | 65 00 | 47 00 | 49 00 |
| Telegraph and Telephone Lines | Per mile of line | 69 00 | 59 00 | 68 00 | 66 00 |
| Removing Snow, Ice and Sand | Per mile of line | 61 00 | 72 00 | 61 00 | 62 00 |
| Maintaining Joint Tracks and Other Facilities | Per mile of line | Dr. 4 00 | Cr. 33 00 | Dr. 13 00 | Cr. 29 00 |
| Other | Per mile of line | 161 00 | 203 00 | 121 00 | 160 00 |
| Total | Per mile of line | 1,672 00 | 2,028 00 | 1,244 00 | 1,487 00 |
| MAINTENANCE AND EQUIPMENT— | | cts. | cts. | cts. | cts. |
| Superintendence | Per train mile | 1.5 | 3.4 | 1.9 | 2.6 |
| Shop Machinery | Per train mile | 2.8 | 2.6 | 3.0 | 2.7 |
| Steam Locomotives—Repairs | Per loco. mile | 17.0 | 22.0 | 16.0 | 20.0 |
| Freight Train Cars—Repairs | Per car mile | 1.2 | 1.3 | 0.9 | 1.2 |
| Passenger Train Cars—Repairs | Per car mile | 3.2 | 3.5 | 4.6 | 4.4 |
| Work Equipment Repairs | Per train mile | 1.9 | 2.5 | 1.5 | 2.2 |
| Renewals, Retirements, Depreciation, etc. | Per train mile | 5.3 | 7.0 | 14.8 | 16.0 |
| Other | Per train mile | 0.9 | 2.2 | 1.2 | 1.9 |
| Total | Per train mile | 66.0 | 83.0 | 77.0 | 90.0 |
| TRAFFIC EXPENSES—RAIL— | | $ cts. | $ cts. | $ cts. | $ cts. |
| Superintendence | Per $1,000 of revenue | 6 14 | 8 85 | 6 67 | 7 87 |
| Outside Agencies | Per $1,000 of revenue | 16 04 | 92 70 | 15 27 | 11 17 |
| Advertising and Radio | Per $1,000 of passenger revenue | 52 57 | 58 10 | 42 09 | 30 61 |
| Colonization, Agriculture and Natural Resources | (Canadian National Expense 1930 $545,000 and 1937 $149,000. Canadian Pacific expenses charged Land Accounts) | | | | |
| Other | Per $1,000 of revenue | 2 89 | 3 41 | 2 85 | 2 50 |
| Total | Per $1,000 of revenue | 32 92 | 34 61 | 29 37 | 25 11 |
| TRANSPORTATION EXPENSES— | | cts. | cts. | cts. | cts |
| Superintendence | Per train mile | 5.3 | 6.9 | 5.0 | 5.8 |
| Despatching Trains | Per 1,000 train miles | $ cts. 26 25 | $ cts. 25 57 | $ cts. 21 62 | $ cts. 22 97 |
| Station Service | Per $1.00 of revenue | cts. 6.5 | cts. 7.4 | cts. 6.4 | cts. 7.2 |
| Yard Service | Per 1,000 car miles | 10.91 | 13.51 | 8.66 | 11.25 |
| Train Service | Per train mile | 81.7 | 86.7 | 76.4 | 83.9 |
| Telegraph and Telephone | Per $1.00 of telegraph and telephone revenue | 70.3 | 80.2 | 64.8 | 75.1 |
| Express Service | Per $1.00 of express revenue | 54.3 | 46.7 | 57.4 | 50.7 |
| Operating Floating Equipment | No comparable unit | | | | |
| Other | Per train mile | 9.32 | 10.27 | 7.32 | 9.23 |
| Total | Per train mile | $ cts. 1 72 | $ cts. 1 90 | $ cts. 1 57 | $ cts. 1 77 |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120028

EXHIBIT NO. 82

COMPARISON BY C. P. RY. OF UNIT COSTS YEARS 1930 AND 1937, CANADIAN PACIFIC RAILWAY SYSTEM AND CANADIAN NATIONAL RAILWAYS

| — | Unit Basis | Year 1930 | | Year 1937 | |
|---|---|---|---|---|---|
| | | C.P.R. | C.N.R. | C.P.R. | C.N.R. |
| | | $ cts. | $ cts. | $ cts. | $ cts |
| GENERAL EXPENSES— | | | | | |
| Salaries and Expenses of General Officers | Per $1,000 of revenue | 2 99 | 4 41 | 2 82 | 2 02 |
| Salaries and Expenses of Clerks and Attendants | Per $1,000 of revenue | 9 83 | 16 04 | 11 93 | 15 32 |
| Law Expenses | Per $1,000 of revenue | 1 43 | 2 25 | 1 54 | 1 65 |
| Stationery and Printing | Per $1,000 of revenue | 0 79 | 0 68 | 1 04 | 0 62 |
| Insurance | No comparable unit. | | | | |
| Pensions | Per $1,000 of revenue | 5 49 | 8 62 | 15 67 | 19 49 |
| Other | Per $1,000 of revenue | 4 42 | 5 12 | 4 15 | 2 88 |
| Total | Per $1,000 of revenue | 26 80 | 37 13 | 37 17 | 41 97 |
| | | $ cts. | $ cts. | $ cts. | $ cts. |
| MISCELLANEOUS OPERATIONS— | | | | | |
| Dining and Buffet Car Service | Per $1.00 of dining and buffet car revenue | 1 33 | 1 56 | 1 42 | 1 57 |
| | | cts. | cts. | cts. | cts. |
| Total Operating Expenses | Per $1.00 of total revenues (operating ratio) | 78 36 | 91 18 | 80 40 | 91 12 |

NOTE:—Details of Expenses made on basis of accounts as set forth in exhibits Nos. 25 and 26, pages 64 to 83 inclusive of the record of the proceedings in order that the comparison as between the two railways and as between the two years may be as nearly comparable as possible. This has involved slight changes from the basis of figures used in exhibit 49.

Canadian Pacific Railway Company,
Montreal, June 11, 1938.



120029

EXHIBIT No. 83

Report of Committee on appraisals on reproduction cost of the communication properties of C.P. and C.N. Rys. (Not printed.)

EXHIBIT No. 84

Copy of lease from Montreal Telegraph Company to Great North Western Telegraph Company.

THESE ARTICLES OF AGREEMENT, made this seventeenth day of August, A.D. 1881, by and between the MONTREAL TELEGRAPH COMPANY, hereinafter called the Company, a body corporate and politic, duly incorporated under the law of the Dominion of Canada having its chief place of business at the City of Montreal, represented for the purpose hereof by the President and Secretary thereof; And the GREAT NORTH WESTERN TELEGRAPH COMPANY, hereinafter called the Contractors, a body politic and corporate, duly incorporated by Statute of the Dominion of Canada, represented for the purposes hereof by the President and Secretary thereof; and the WESTERN UNION TELEGRAPH COMPANY, a body corporate, duly incorporated under the Laws of the State of New York, hereinafter called the Guarantors, parties of the third part, herein represented and acting by the President and Secretary thereof, duly authorized by the said company according to the Constitutions and By-Laws thereof, and according to the Laws of the said State of New York, Witness,

Whereas, the Company owns and operates lines of telegraph in the Dominion of Canada, and in the United States, and the Contractors own and operate a line of telegraph in the Province of Manitoba, and the Guarantors hold and operate the line of telegraph within the said Dominion of Canada, heretofore known as the line of the Dominion Telegraph Company.

And Whereas, for the purpose of terminating unnecessary expenditure, and of combining the advantages of the said several systems of telegraph, the said Contractors are willing, and have agreed, to undertake the working of the line of the Company, at a fixed rate of remuneration, upon the terms and conditions hereinafter provided, which offer the Company has accepted, and has approved the terms and conditions thereof, as contained in the present articles of agreement, by a resolution of the shareholders of the said Company, at a special general meeting thereof, duly called and held at Montreal on the 17th day of August, 1881, for the purpose of considering a proposal for the working of the lines of the Company, for an annual guaranteed dividend of Eight per cent, upon the capital stock of the Company of two millions of dollars and upon other conditions, a copy of which resolution is hereunto annexed.

Now, therefore, these presents witness that the parties hereto have covenanted and agreed as follows:

1. The Contractors undertake, for a period of ninety-seven years from and after the first day of July, 1881, to work, manage and operate the system of Telegraph, owned and heretofore operated by the Company by means of its own employees, and operators, and conduct the business thereof in all respects as efficiently as the Company has hitherto operated the same, collecting in the name of the Company such rates and charges for messages as the said Company shall establish from time to time, with all other the earnings of the said Telegraph system and lines, and all and every part thereof in such manner as to perform to the fullest extent all the obligations of the said Company towards the public.

2. From and after the said last mentioned day, the Contractors will, during the continuance of this agreement, maintain the said Telegraph lines in as good

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120030

condition and with equal efficiency for business, as the same now are. And to assist in the management and maintenance of the said line of Telegraph, it is hereby agreed that the Company shall deliver over to the Contractors, forthwith, all such materials and stock in hand as shall then be in its possession for the purpose of its ordinary current business; in which, however, shall not be included any stock of wire or other material which it has acquired for the purpose of building new lines, and which now remains in store and has not been issued for current use, which latter class of material the Contractors shall take over and pay for to the Company in cash at the cost price thereof. And it is hereby agreed that the Contractors shall assume and pay all expenditures on new lines incurred subsequently to July 1st, 1881.

3. The said Contractors shall have the right to use and occupy during the continuance of the present agreement, all the offices, stations, buildings and property of the Company, save and except the Board Room of the Company at Montreal, with the adjacent Secretary's Room, and except also a sufficient portion of the vaults of the Company for the purpose of preserving and keeping in safe custody the books and muniments of the Company, all of which, with free access thereto, are herby reserved for the use of the Company, and the Contractors may sub-let such parts of the building of the Company as are not required to carry on the business of the Company. But the Company may sell or otherwise dispose of for its own benefit, the buildings in Montreal and Ottawa not now used or required for the use of the Company in its business.

4. It is hereby further convenanted and agreed by the parties hereto that upon the requisition of the Contractors, the Company shall from time to time change their tariff of fees and rates in such manner as shall be stated in such requisition, provided always that the Company shall not be required or bound to make such alteration in the said rates as shall make the transmission of a message of ten words over the present extent of the lines of the Company in Canada or any part thereof, cost more than twenty-five cents, but subject to be adequately increased generally or locally in the event of any charge or tax being at any time imposed by any Parliamentary or local enactment or authority beyond the amount now payable by the Company or in the event of the Contractors being legally compelled to substitute or provide other means than those now in use by poles for carrying their wires through cities and towns.

5. The Contractors hereby bind and oblige themselves to pay to the Company, quarterly, during the continuance of this agreement, the sum of forty-one thousand two hundred and fifty dollars on the first days of October, January, April and July in each year from out of the proceeds of the operation and use of the said Company's lines and property which proceeds, the contractors hereby warrant shall amount to the said sum of forty-one thousand two hundred and fifty dollars per quarter, or one hundred and sixty-five thousand dollars per annum.

6. The said Contractors also bind and oblige themselves to pay all costs and expenses of operation of every description, including Municipal taxes, and assessments on property owned by the Company and occupied by the Contractors, and shall keep the property of the Company free and clear from all liens and incumbrances arising from taxes and assessments, or from any act of the said Contractors during the continuance of the present agreement.

7. The Contractors hereby further agree and bind themselves at all times during the continuance hereof, faithfully to execute and perform all the contracts, covenants and agreements of the said Company, agreed to be executed and performed by the Company, in the several contracts and agreements between the said Company and all Railway Companies and other parties, that are now in force and effect, and to save and hold harmless and indemnified the said Company from all such covenants, contracts, and agreements. And the Contractors hereby acknowledge to have received communication of such contracts and agreements, a list of which, signed by the parties hereto, is hereto annexed.



120031

8. It is further covenanted and agreed by and between the parties hereto, that if, at any time, the Contractors should fail to make any one of the quarterly payments hereinbefore stipulated, and the default to pay the same should continue for thirty days after the same shall have become due, and notice in writing of such default shall have been given to the Guarantors by serving the same on one of their principal officers in the City of New York at the expiration of the said period of thirty days, and if the said Guarantors shall not pay the sum so in default within thirty days after the service of such notice in writing, the Company shall have the option in its own discretion to resume possession of its lines and property, without any legal proceedings being necessary for that purpose, further than a notice, in writing, to the Contractors and Guarantors, of the intention so to resume possession thereof. And by so resuming possession of the said line, (if the Company should make its option so to do), it shall not impair or obstruct its remedies for the recovery of any arrears of the said payments due at the time of such resumption, against the said Contractors or against the sureties for such payment hereinafter provided for. And upon resuming possession as aforesaid, upon such default, the present agreement in so far as it shall entitle the Contractors to work and operate the said line of telegraph, or to receive any remuneration rate or charge for any message over the said line, or any revenue of any kind or description in respect of the property of the said Company, shall ipso facto cease and be determined, remaining in force, however, in respect of any stipulations therein contained for the protection of the Company from taxes or assessments and from other liens or indebtedness, and in respect of the maintenance of the line of the Company in good order and condition as hereinbefore agreed.

9. And from and after such resumption, the Company shall hold, and enjoy, use and operate the said line of telegraph, and the property referred to in the present agreement, in the same manner and to the same extent as if this agreement had not been executed. And in such case the Contractors shall forfeit and surrender to the Company for its use and benefit all additions and improvements they may have made to or upon the lines and property of the Company herein referred to, and all telegraph lines, with their appurtenances, which the Contractors may have constructed during the continuance hereof. And the Contractors will also pay to the Company all sums which may be due to it under the provisions hereof to be computed down to the time of such resumption of possession.

10. The Contractors hereby further expressly covenant and agree that upon the termination of the period herein limited, or upon the earlier termination of this agreement for any cause, they will deliver the line of telegraph and property herein described or referred to, to the Company in as good a condition for business as that in which they were when received from the Company by the Contractors under the terms hereof, together with all improvements and additions which the said second party shall have made upon or to the said line of telegraph and property during the continuance hereof, and also together with all supplies for the ordinary current maintenance of the said telegraph line, which shall then be in the possession of the Contractors, for the purpose of repairing, maintaining and operating the lines so to be returned to the Company.

11. It is hereby further understood and agreed that all contracts heretofore made by the Company for future deliveries of supplies and material are hereby assigned to and accepted by the Contractors, who hereby undertake and agree to carry out the conditions of such contracts to the entire exoneration and discharge of the Company.

12. In consideration of the premises, it is hereby further agreed by and between the parties hereto, that the Contractors shall retain as their remuneration for the working and operation of the said telegraph lines and for the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120032

performance by them of all the obligations and duties hereby imposed upon them, the balance of the earnings and income of the said telegraph line and property which shall remain in their hands after the payment to the Company of the said sum of one hundred and sixty-five thousand dollars per annum. The said Contractors hereby agreeing to accept such balance as such remuneration, to whatever sum the same may amount. And they hereby assume all risk of there not being any such balance, hereby undertaking and agreeing to make no claim or demand upon the Company for remuneration upon any ground, or for any cause whatsoever, the true intent and meaning of these presents being that the Company shall, during the continuance of this agreement, continue to receive the quarterly sum of forty-one thousand two hundred and fifty dollars at the dates hereinbefore mentioned, whether the earnings and revenue of the said lines and property shall amount to that sum, or more, or less.

And the said Guarantors, the Western Union Telegraph Company, parties hereto of the third part in order to perfect and extend the connection of Telegraph Companies and to promote a union with the Telegraph systems of other states and countries, do hereby declare that they have taken communication of the foregoing articles of agreement, and at the request of the Contractors, and for and in consideration of the sum of one dollar to them in hand paid by the Contractors, the receipt of which is hereby acknowledged, they, the said Guarantors, do hereby bind and oblige themselves, as the sureties of the said Contractors, jointly and severally with them, for the payment of all the sums of money and the performance of all the obligations and duties, which the said Contractors have in and by the said articles of agreement bound and obliged themselves to pay and perform respectively.

The said Guarantors hereby undertaking to make such payments and to perform such obligations and duties respectively, upon receiving notice as aforesaid from the Company of the default of the Contractors so to do, and without any obligation on the part of the Company to attempt to enforce the making of such payment in default or the performance of such obligation or duty in default by the Contractors, before seeking its recourse against the said Guarantors, the latter hereby expressly waiving any right or claim which they might have, to the discussion by the Company, of the Contractors, before proceeding against the said sureties.

In Witness Whereof, the parties hereto have executed these presents, at the places and dates set opposite their names respectively, in triplicate.

Signed and executed by the Montreal Telegraph Company and the Great North Western Telegraph Company of Canada, at Montreal, this Seventeenth day of August, A.D. One Thousand Eight Hundred and Eighty One.

(Sgd) HUGH ALLAN, *President, Montreal Telegraph Co.*

(Sgd) JAMES DAKERS, *Secretary.*

(Sgd) ERASTUS WIMAN, *President, Great North Western Telegraph Co. of Canada.*

(Sgd) ED. P. LEACOCK, *Secretary, Great North Western Tel. Co. of Canada.*

Signed and executed by The Western Union Telegraph Company in the City of New York, August 20, 1881.

THE WESTERN UNION TELEGRAPH COMPANY, by

(Sgd) NORVIN GREEN, *President.*

(Sgd) A. R. BREWER, *Secretary.*

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120033

## EXHIBIT No. 85

RESTATEMENT BY C.P.RY. OF EXHIBIT No. 56, *re* PRESENT STATUS OF PROPOSALS FOR LINE ABANDONMENT

*Canadian Pacific Criticism of Canadian National Exhibit No. 56:*

Exhibit No. 56 presents the Canadian National view of the present status of the various line abandonment suggestions included in its statement of 2,098 miles common to the Canadian Pacific and Canadian National submissions to the Duff Royal Commission. The Canadian Pacific does not agree with this view.

The Canadian Pacific believes that in tabulating the status of the several items included in the 2,098 miles as listed by the Canadian National, the 2,179 miles of railway actually dealt with must be considered. The Canadian Pacific presents in the following statement its understanding of the present status of these 2,179 miles.

It will be noted from this Canadian Pacific statement that more mileage has been actually abandoned, that more mileage has been approved by the Joint Executive Committee for preparation of abandonment agreements, that more mileage is at present under study for abandonment, and that less mileage has been rejected for abandonment than the Canadian National indicates in Exhibit No. 56.

The Canadian National exhibit implies that the rejected mileage has been finally rejected. The Canadian Pacific statement divides this mileage between that rejected under co-operation by the Joint Co-operative Committee and that rejected by the Canadian National without consultation with the Canadian Pacific. The Canadian Pacific believes that under unification all of this rejected mileage must be restudied and that under such restudy it will be found possible to abandon a very substantial portion of it.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120034

EXHIBIT No. 85—*Continued*

*Memorandum:*

The Canadian Pacific desires to draw attention to the fact that a summary of the information appearing in the Proceedings indicates that:—

| | Miles |
|---|---|
| The mileage abandoned under Joint Co-operative Committee Reports No. 25 and No. 31 is | 39 |
| The exclusive Canadian Pacific abandonment in conjunction with Report No. 61 is | 41 |
| The exclusive Canadian National abandonments within the limits of the Canadian National statement of 2,098 miles is | 64 |
| Making a total of actual abandonments to date within the limits of the Canadian National statement of 2,098 miles of | 144 |
| The exclusive Canadian Pacific abandonments beyond the limits of the Canadian National statement of 2,098 miles but within the limits of the Canadian Pacific submission to the Duff Royal Commission, being parts of Items No. 2 and No. 11 and all of Item No. 30 in that submission is | 64 |
| Making a total of actual abandonments to date within limits of co-operation or of the Canadian Pacific submission to the Duff Royal Commission of | 208 |
| In addition, beyond the limits of the Canadian Pacific submission to the Duff Royal Commission, the Canadian National has received approval of the Board of Railway Commissioners for exclusive line abandonments totalling | 220 |
| And the Canadian Pacific has received similar approval of, and has made, exclusive line abandonments of | 37 |
| So that the total of line abandonments already made since the submissions to the Duff Royal Commission amount to | 465 |
| Under Joint Co-operative Committee Reports Nos. 30, 33, 34, 35, 36, 38-A, 39, 40, 41, 47, 55, 60, 61 and 62, the Joint Executive Committee has approved preparation of agreements covering additional abandonments of | 584 |
| And in conjunction with Joint Co-operative Committee Report No. 34, the Canadian National has undertaken to abandon | 9 |
| So that the total of line abandonments already made and in prospect amounts to | 1,058 |

Montreal, P.Q.,
June 13, 1938.



120035

EXHIBIT No. 85—*Continued*

CANADIAN PACIFIC VIEW OF PRESENT STATUS OF 2,098 MILES COMMON TO C.P.R. AND C.N.R. PROPOSALS FOR ABANDONMENT LINES BEFORE DUFF ROYAL COMMISSION, 1932

*(C.P.R. restatement of C.N.R. statement filed as Exhibit No. 56)*

N—Denotes Canadian National. P—Denotes Canadian Pacific. N.A.R.—Denotes Northern Alberta Railways.

| No. on C.P.R. Proposal Ex. 50 | Location | C.N.R. Statement of Railway and Common Mileage | | Present Status | Actually abandoned | Abandonment Application to B.R.C. being prepared | Abandonment Agreement being prepared | Abandonment Agreement held in abeyance | Under study | Rejected: Under Co-operation See Note | Rejected: By C.N.R. ex parte A below | Not Yet studied |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Railway and Mileage** | | | | | | | | | | | |
| 1 | Middleton Jct.—Granville Centre | N | 22 | Exclusive C.N.R. and Report No. 34 | | N 22 | | | | | | |
| | | | | | P 28 | | | | | P 16 | | |
| 6 | Grand Falls—Edmundston | P | 27 | Report No. 31 | | | | | | | | |
| 8 | Scott's Jct.—Harlaka Jct. | P | 16 | Report No. 46 | | | | | | | P 27 | |
| 14 | Farnham—St. Johns | N | 13 | Report No. 25 | N 11 | | | | | | | |
| 9 | Dombourg—St. Marc | Nor.P. | 23 | Exclusive C.N.R. | N 22 | | | | | | | |
| 18 | Soulangee—Cornwall | P | 27 | Not studied jointly | | | | | N 17 | | | |
| 22 | Arnprior—Renfrew | N | 17 | Under study | | | | | P 19 | N 97 | N 31 | |
| 23 | Payne—Eganville | P | 19 | Under study | | | N 8 | | | | | |
| 24 | Federal—Carreol | N | 109 | Reports No. 55 and No. 43 | | | | | | P 71 | | |
| 25 | Lyn Jct.—Forfar | N | 31 | Not studied jointly | | | | | P 87[5] | | | |
| 26 | Glen Tay—Whitby | P | 164 | Glen Tay—Shannonville Report No. 42 | | | | | | | N 42 | |
| | | | | Shannonville—Darlington | | | | | | | | |
| 27 | Ronnac—Greenburn | N | 35 | Exclusive C.N.R. | N 42 | | | | | | | |
| 29 | Palgrave—Collingwood | N | 42 | Not studied jointly | | | | | | | | |
| 28 | Lindsay—Coldwater | Nor.P. | 56 | Excl. C.P.R. and Report No. 61 | P 41 | P 16 | P 33 | | | | N 21 | |
| 34 | Linwood—Listowel | P | 16 | Report No. 35 | | | | | P 135 | | | |
| 40 | Glencoe—Kingscourt | N | 21 | Not studied jointly | | | | | | | | |
| 39 | Woodstock—Walkerville Jct. | P | 135 | Under study | | | | N 141 | | | | |
| 41 | Beaverton—Long Lac | N | 141 | Report No. 30 | | | | | N 64 | | | |
| 42 | Key Jct.—Key Harbour | N | 64 | Under study | | | | | P 63 | | | |
| 44 | Nakina—Paddington | P | 63 | Under study | | | | | N 59 | | | |
| 43 | Nipigon—Current River | N | 59 | Under study | | | | | P 40 | N 9 | | |
| 44 | Comme—Superior Jct. | N | 24 | Report No. 36 | | | | N 15 | | | | P 40 |
| 45 | Beach Jct.—East Selkirk | P | 40 | Under study | | | | | | | | |
| 47 | Rugby Jct.—Morris | P | 40 | Not yet studied jointly | | | | | P 35 | N 24 | | |
| 49 | Elm Creek—Plum Coulee | P | 35 | Under study | | | | | | | N 19 | |
| 50 | Portage—Gladstone | N | 22 | Report No. 56 | | | | | | | | |
| 51 | West Tower—Deer | N | 19 | Not studied jointly | | | | | | | | |
| 53 | Carberry—Carberry Jct. | | | | | | | | | | | |

60060—6½

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)



P.C. 2003 36 COMMITTEE

## EXHIBIT No. 85—*Concluded*

CANADIAN PACIFIC VIEW OF PRESENT STATUS OF 2,098 MILES COMMON TO C.P.R. AND C.N.R. PROPOSALS FOR ABANDONMENT LINES BEFORE DUFF ROYAL COMMISSION, 1932

*(C.P.R. restatement of C.N.R. statement filed as Exhibit No. 66)*

N—Denotes Canadian National. P—Denotes Canadian Pacific. N.A.R.—Denotes Northern Alberta Railways.

| No. on C.P.R. Proposal Ex. 50 | Location | C.N.R. Statement of Railway and Common Mileage | Present Status | Railway and Mileage | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Actually abandoned | Abandonment Application to B.R.C. being prepared | Abandonment Agreement being prepared | Abandonment Agreement held in abeyance | Under study | Rejected: Under Co-operation (See Note) | Rejected: By C.N.R. ex parte (A below) | Not Yet studied |
| 52 | MacGregor—Varcoe | P 55 | Under study | | | | | P 55 | | | |
| 55 | Gautier—Miniota | P 44 | Under study | | | | | P 44 | | | |
| 56 | Forrest—Wheatland | P 19 | Not yet studied jointly | | | | | | | | P 19 |
| 57 | Brandon—Maryfield | N 75 | See Item 62 below | | | | | N 40 | N 35 | | |
| 59 | Holmfield—Deloraine | N 51 | Report No. 38-A | | | N 56 | | | | | |
| 60 | Binscarth—Inglis | P 24 | Not yet studied jointly | | | | | | | | P 24 |
| 61 | McAuley-Virden | P 36 | Not yet studied jointly | | | | | | | | P 36 |
| 62 | Maryfield—Peebles | P 71 | Report No. 39 | | | | P 122 | | | | |
| 66 | Worrell-Moose Jct. | N 39 | Under study | | | | | N 39 | | | |
| 68 | Young-Colonsay | NorP 16 | Report No. 44 | | | | | | NorP 16 | | |
| 70 | Saskatoon—Unity | P 120 | Under study | | | | | P 120 | | | |
| 72 | Bruderheim—Edmonton | P 33 | Under study | | | | | P 33 | | | |
| 71 | Edmonton—Kerensky | NAR 45 | Not yet studied jointly | | | | | | | | NAR 45 |
| 71 | Carbondale—Morinville | NAR 5 | Not yet studied jointly | | | | | | | | NAR 5 |
| 73 | Tofield—Barlee Jct. | N 23 | Not studied jointly | | | | | | | N 23 | |
| 74 | Warden—Alix | N 22 | Report No. 41 | | | N 9 | | | N 13 | | |
| 75 | Red Deer—Rocky Mtn.Hs. | N 55 | Report No. 33 | | | N 12<br>P 53 | | | | | |
| 76 | Grainger—Barlow Jct. | N 47 | Report No. 40 | | | N 10<br>P 23 | | | N 14 | | |
| 33 | Lake End—Cowichan Lake | N 31 | Not studied jointly | | | | | | | N 31 | |
| 82 | Log Dump—Deerholm | N 7 | Not studied jointly | | | | | | | N 7 | |
| | Sub-Totals | N 969<br>P 984<br>NorP 95<br>NAR 50 | | 75<br>69 | 22<br>16 | 95<br>109 | 156<br>122 | 219<br>631 | 192<br>87<br>16 | 174<br>27 | 119<br>50 |
| | Grand Total | 2,098 | | 144 | 38 | 204 | 278 | 850 | 295 | 201 | 169 |

NOTE "A": Neither the mileage rejected under co-operation nor the mileage rejected by the C.N.R. ex parte has been rejected under unification.

COMPARISON OF TOTALS IN EXHIBIT No. 56 AND IN THIS STATEMENT

| — | Canadian National Totals as shown in Exhibit 56 | | Canadian Pacific Totals as shown in above | |
|---|---|---|---|---|
| | Miles | | Miles | |
| Actually abandoned | | 98 | | 144 |
| Abandonment applications to B.R.C. being prepared | | 38 | | 38 |
| Abandonment agreements being prepared | 211 | | 204 | |
| Abandonment agreements held in abeyance | 228 | | 278 | |
| Preparation of agreements approved by Joint Executive Committee | | 439 | | 482 |
| Under study | | 830 | | 850 |
| Rejected under co-operation (not necessarily under unification) | .... | | 295 | |
| Rejected by C.N.R. ex parte (without joint study) | .... | | 201 | |
| Rejected | | 593 | | 496 |
| C.P.R. non-competitive lines | | 100 | | .... |
| Not yet studied | | .... | | 169 |
| Total | | 2,098 | | 2,179 |

Montreal, P.Q.
June 13th, 1938.



P.C. 2003 37

120038

## EXHIBIT No. 86

### Statement by C. N. Rys. Respecting the Diversion of Freight Traffic From N.T.R. to I.C.R. Between Rivière du Loup and Moncton

The physical characteristics of the alternative routes between Joffee and Moncton are such that heavier trains can be handled over the N.T.R. The density of passenger traffic also being lighter on the N.T.R., with better facilities for the yarding of trains at Monk, Edmundston and Napadogan than at Rivière du Loup, Mont Joli and Campbellton it is possible to give quicker despatch via the N.T.R.

The utility of the N.T.R. route as compared with the I.C.R. for freight operation is demonstrated in the following table which shows the number of trains it would be necessary to run over the various portions of the two routes using 53 per cent Mikado type locomotives with full rating to handle eastward one hundred thousand gross tons in 2,500 cars (equals 40 gross tons per car, the average for 1937).

| | | No. of trains | Trains miles | |
|---|---|---|---|---|
| N.T.R. Route— | | | | |
| Joffre-Monk | 103 miles | 38 | 3,914 | |
| Monk-Edmundston | 124 " | 33 | 4,092 | |
| Edmundston-Napadogan | 113 " | 36 | 4,068 | |
| Napadogan-Moncton | 119 " | 35 | 4,165 | 2,827 actual gross |
| | 459 " | | 16,239 | Total |
| I.C.R. Route— | | | | |
| Joffe-Riv. du Loup | 117 miles | 48 | 5,616 | |
| Riv. du Loup-Mont Joli | 83 " | 58 | 4,814 | |
| Mont Joli-Campbellton | 105 " | 35 | 3,675 | |
| Campbellton-Moncton | 187 " | 59 | 11,033 | 1,957 actual gross |
| | 492 " | | 25,138 | Total |

This shows that 55 per cent more train miles are required on I.C.R. than on the N.T.R. to handle the same amount of traffic, without regard to the more adverse weather conditions on the I.C.R. It may also be remarked that an increased grain movement, for instance, resulting in greater average gross tons per car, would raise this percentage, the increase in train miles via the I.C.R. amounting to 61 per cent where cars average 60 gross tons.

The data shown above relates to eastward movements only, but as the operating conditions affecting westward movements are very similar it would seem unnecessary to treat them separately except to point out that on the I.C.R. full tonnage trains must be assisted in each direction over the Sayabec grade, a distance of 29 miles, whereas, on the N.T.R. there are 13 miles of pusher grade eastward to Summit and 13 miles of pusher grade westward to Pelletier.



120039

## EXHIBIT No. 87

### Memo by C. N. Rys. Concerning Activities Conducted at Various Stations Between Monk and Pacific Junction

*Lafontaine, Que.*—This station serves a growing farming and lumbering community extending to the State of Maine boundary to the south (St. Pamphile). The distance by highway from Lafontaine to St. Jean Port Joli on the Montmagny Subdivision, nearest rail facilities if line abandoned, is 20 miles. Or distance by highway from St. Pamphile to St. Jean Port Joli would be 30 miles.

*Holliday, Que.*—This station serves also Bretagne, 4½ miles east, from which point there is a highway to St. Philippe, Montmagny Subdivision, a distance of 12 miles. This will be the only available outlet if the line is abandoned.

*River Manie, Que.*—This station serves a district which has produced large volumes of forest products for many years. If the line is abandoned, the only other outlet would be through Crown Lake to St. Pascal, on the Montmagny Subdivision, a distance of 14 miles from Crown Lake; or from the River Manie Station 16 miles to St. Pascal. The district served by this station includes such mills as East Lake, Powersville, LaPointe, all large producers of lumber, pulpwood and other forest products.

*Pelletier, Que.*—Serves St. Athanase and other communities to the south towards State of Maine boundary. Chabot, 9 miles distant, has five saw mills—no other outlet except highway to Ste. Helene, 25 miles. Distance by highway Pelletier to St. Alexandre, 15 miles.

*St. Eleuthere, Que.*—Only outlet if line abandoned would be to Pelletier, thence to St. Alexandre, distance 24 miles—or to Notre Dame, on Temiscouata Ry., via Riviere Bleue, distance of 36 miles over very hilly country.

*Estcourt, Que.*—Serves large saw mills—Beaupre Durette & Co. Only outlet if line abandoned would be highway to St. Alexandre, through Pelletier, distance of 28 miles, or through Riviere Bleue to Notre Dame on Temiscouata Ry., distance of 31 miles, over very hilly country .

*Sully, Que.*—Serves an Agricultural College and a growing agricultural community. Only outlet if line abandoned would be to St. Alexandre, via Pelletier, distance of 26 miles, or through Riviere Bleue to Notre Dame on Temiscouata Ry., distance of 26 miles, over very hilly country.

*Riviere Bleue, Que.*—This station serves also Landry's Siding, where the D'Auteuil Lumber Co. carry on a very large pulpwood operation, drawing pulpwood from the State of Maine, the average yearly cut amounting to 25,000 cords, all of which is shipped out by rail, largely to Mechanicville, N.Y. If line were abandoned in this district, the only other outlet for this wood would be to Stream Drive to a point on the Bangor & Aroostook Ry.

Also in the Riviere Bleue district are large lumber and shingle mills; namely, at Landry, Riviere Bleue and Beau Lake, the output of which mills would have no outlet to market, except by highway to Notre Dame on the Temiscouata Railway, a distance of approximately 30 miles, over hilly country.

*Clendyne, Que.*—Serves also Belanger Siding, where A. J. Morin operates a saw mill, producing lumber and other forest products; also a charcoal plant. The only outlet for this traffic, if the line is abandoned, would be to Edmundston by highway, a distance of 32 miles.

*Lac Baker, N.B.*—This station serves a growing farming district. If our line is abandoned in this territory, the district would be served only by highway to Edmundston, a distance of approximately 23 miles, or by the Temiscouata

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120040

Ry.—Connor's Branch—reached by highway over a hilly country, a distance of 15 miles.

*Edmundston, N.B.*—Here is located the pulpmill of Fraser Companies Limited, with a capital investment of $6,000,000, manufacturing pulp for the Madawaska, Me., paper mills and pulpwood board for shipment direct from Edmundston by rail. Fraser Companies' investment in their Madawaska mills represents another $9,000,000.

The abandonment of this line would leave this important industry at the mercy of branch line services, the present Canadian National route being the direct short line to Montreal and points west in Canada and the United States.

The abandonment of this line would also prove to be a very serious matter to Nova Scotia Coal producers. During the year 1937, the Canadian National handled into Edmundston, for these mills, 1,819 carloads Nova Scotia coal, equal to 85,000 tons, which quantity of coal would be supplied by United States producers through Searsport, Me., and the Bangor & Aroostook Railway, with Canadian Railways not participating in the movement at all.

*Grand Falls, N.B.*—This station serves one of the best potato growing districts in the Province of New Brunswick, there being thirteen potato warehouses located on the C.N.R. tracks under the jurisdiction of this station; namely, Grand Falls 3, Caldwell 1, Cote 4, Poitras 1, Drummond 4. If line abandoned these potato warehouses would also have to be abandoned and potatoes shipped from C.P.R. tracks, an extra haul of five to ten miles.

Grand Falls also serves large saw mill at Davis No. 2, located on Salmon River. If line abandoned, they would have to haul their product a distance of 10 or 15 miles to nearest Railway facilities.

*New Denmark, N.B.*—Serves very prosperous Danish Settlement—five potato warehouses. If line abandoned, it would mean an average haul by highway of ten miles to nearest Railway facilities.

*Plaster Rock, N.B.*—Serves two potato warehouses at Sisson and Wapske Siding, serving large saw mill—Beaupre Durette & Co.

*Summit, N.B.*—Serves also Longley Siding, producing spoolwood shipped by W. S. Anderson for export overseas.

*Juniper, N.B.*—Principal industry—Lumber Mill, Flemming & Gibson Ltd., located about 2 miles from C.N.R. station, distance to nearest C.P.R. station (Bristol), by highway, 23 miles. The capital investment in this industry is $200,000.

*Napadogan, N.B.*—R. W. Baird—Last Block Mill—ships products for overseas, also manufactures lumber for domestic market. Nearest rail facilities if line abandoned would be by highway to Stanley, a distance of 20 miles.

*McGivney Jct., N.B.*—This station is the Junction of the Nashwaak Subdivision and serves important lumber mills at Phoenix Mills, Mavis, North Cains, Mullen, Landers, Miramichi Lumber Co., Maple Grove, most of which are without any other means of disposing of their product.

*Hardwood Ridge, N.B.*—In addition to commercial coal traffic shown, there were shipped, from Hardwood Ridge in 1936, 1,125 cars of Railway Coal, and, in 1937, 865 cars. Decrease due to strike.



120041

## EXHIBIT No. 88

CANADIAN NATIONAL RAILWAYS—SHOWING POPULATIONS, TONS OF FREIGHT, GROSS FREIGHT REVENUE, AND PASSENGER EARNINGS, STATIONS MONK TO PACIFIC JCT. EXCLUSIVE, 1937

| Station | Population served | Received | Forwarded | Total | Gross Freight Revenue | Passenger Tickets Sold | Revenue |
|---|---|---|---|---|---|---|---|
| | | | | | $ cts. | | $ cts. |
| Lafontaine | 4,925 | 1,449 | 37,310 | 38,759 | 143,277 98 | 1,369 | 1,867 85 |
| Holliday | 65 | 436 | 6,886 | 7,322 | 24,380 75 | 469 | 262 15 |
| River Manie | 1,650 | 769 | 47,923 | 48,692 | 141,468 21 | 597 | 477 40 |
| Pelletier | 650 | 184 | 15,940 | 16,124 | 47,268 41 | 348 | 186 20 |
| St. Eleuthere | 2,000 | 908 | 6,942 | 7,850 | 37,276 00 | 1,322 | 1,560 35 |
| Estcourt | 1,200 | 1,572 | 11,316 | 12,888 | 67,567 00 | 1,171 | 1,598 45 |
| Sully | 900 | 3,027 | 4,284 | 7,311 | 13,078 77 | 492 | 670 30 |
| Riv. Bleue | 1,800 | 1,936 | 49,221 | 51,157 | 241,608 42 | 3,195 | 3,132 70 |
| Glendyne | 800 | 462 | 4,262 | 4,724 | 18,290 00 | 268 | 499 00 |
| Lac Baker | 3,100 | 878 | 3,127 | 4,005 | 14,444 00 | 1,032 | 1,049 00 |
| Edmundston (only) | 7,000 | 166,616 | 40,980 | 207,596 | 368,136 00 | 5,235 | 18,289 00 |
| Green River | 3,300 | 1,179 | 5,040 | 6,219 | 21,319 24 | 153 | 283 90 |
| St. Leonard | 3,300 | 24,929 | 27,472 | 52,401 | 259,302 00 | 1,609 | 3,276 00 |
| Grand Falls | 5,600 | 4,483 | 10,587 | 15,070 | 120,448 23 | 1,212 | 2,823 40 |
| New Denmark | 1,500 | 2,302 | 13,293 | 15,595 | 78,111 33 | 474 | 882 80 |
| Plaster Rock | 4,500 | 11,804 | 15,896 | 27,700 | 55,044 19 | 2,219 | 4,047 80 |
| Summit | 40 | 230 | 895 | 1,125 | 2,700 34 | 245 | 204 40 |
| Juniper | 1,000 | 2,240 | 20,004 | 22,244 | 87,061 58 | 1,424 | 2,917 72 |
| Napadogan | 200 | 396 | 4,341 | 4,737 | 17,309 15 | 562 | 660 70 |
| McGivney | 100 | 563 | 10,049 | 10,612 | 39,018 17 | 1,189 | 1,379 60 |
| Hardwood Ridge | 550 | 2,551 | 37,732 | 40,283 | 35,554 71 | 1,283 | 2,378 90 |
| Chipman | 2,700 | 5,245 | 25,246 | 30,491 | 61,571 23 | 1,653 | 1,937 40 |
| Grand Total | 52,180 | 234,159 | 398,746 | 632,905 | 1,894,235 71 | 27,521 | 50,385 02 |

(Excluding Edmundston, Green River and St. Leonard)

| | | | |
|---|---|---|---|
| Freight Forwarded | 325,254 Tons | | |
| Freight Received | 41,435 " | | |
| | 366,689 " | | $ 1,245,478 47 |
| Number Tickets Sold | 20,524 | | 28,536 12 |
| | | | $ 1,274,014 59 |

STATEMENT for the year 1937 of total Railway Freight—Passenger and Express earnings—the approximate population and property investment by others than the railway for each agency station (including flag stations handled by such agency stations) on the proposed abandonment of the Canadian National Main Line Monk, Que. to Diamond, Que.

| Station | Total 1937 Railway Freight-Passenger and Express earnings | Approximate Population served | Approximate Property investment by others than the railway | Remarks |
|---|---|---|---|---|
| | $ | | $ | |
| St. Isadore (Dor. County) | 12,400 | 8,900 | 750,000 | |
| St. Anselme | 845 | | | |
| Ste. Claire | 2,120 | | | |
| St. Malachie | 40,854 | 11,200 | 2,627,500 | |
| St. Damien | 28,896 | 4,335 | 1,567,000 | |
| Brie | 523 | | | |
| Armagh | 48,009 | 5,600 | 1,020,000 | |
| Ste. Euphemie | 18,218 | 4,700 | 765,000 | |
| Rosaire | 21,009 | 1,870 | 355,000 | |
| Ste. Apolline | 7,000 | 1,000 | 150,000 | |
| Bras D'Apic | 15,586 | 5,100 | 848,000 | |
| Monk-Flags West | 42,551 | 1,100 | 175,000 | |
| Totals | 238,011 | 43,805 | 8,257,500 | |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120042

## EXHIBIT No. 89

### Joint Report of C.N. and C.P. Rys. on British Columbia Coastal Steamship Service

Pursuant to instructions the undersigned have investigated the operations of the National and Pacific Companies' B.C. Coastal Fleets and would respectfully submit the following:—

The National Company operate three all-year routes and one summer route.
Consist of fleet: 6 ships. (See Exhibit A.)
The Pacific Company operates seven all-year routes, augmenting the Nanaimo and Alaska services in summer season; a motor car ferry service in summer months is also operated between Sidney and Steveston.
Consist of fleet: 17 ships; 5 barges; 3 tugs.
Maps showing all these routes are attached.

*Other attachments*

Exhibit (*a*)—With details of ships for the National Fleet.
Exhibit (*b*)—With details of ships for the Pacific Fleet.
Exhibit (*c*)—Indicating routes operated by the National Company and total receipts and operating costs of each route in 1932.
Exhibit (*d*)—Indicating routes operated by the Pacific Company and total receipts and operating costs of each route in 1932.
Exhibit (*e*)—Indicating number of days of operation of each vessel of National Company in 1932.
Exhibit (*f*)—Indicating number of days of operation of each vessel of Pacific Company in 1932.
Exhibit (*g*)—Memorandum on terminals at various ports.

*Earnings and Expenditures*—in 1932 as presented in Comptroller's reports were:

| | Earnings | Expenditures |
|---|---|---|
| National | $ 821,906 68 | $1,319,258 78 |
| Pacific | 2,524,949 13 | 2,648,863 61 |

(National Expenditures include $294,112.23 for charges on *Prince Henry* and *Prince David* Eastern operation.)

*Objective*—

To effect all economies possible in operations of the several Coastal services under either of the following proposals:—

(1) Amalgamation of the present fleets thereby enabling the formation of an independent steamship company.
(2) The elimination of duplicate service through co-operative measures.

*Findings*—

Both companies have, most apparently, effected substantial reductions during the past year and their programs for 1933 will show continued reductions by the laying up of ships and other economies in operation.

The all-year and summer routes operated in 1932 are considered necessary and should be continued. Curtailments of periods of operation of summer services are already provided for. Results in 1932 show that "out of pocket" expenses on practically all routes were exceeded by receipts.

The feeding values to rail and other services by the ships of both companies on the Northern British Columbia route substantially helped out in the gross earnings.



120043

*Proposal No. 1*—

Yearly savings estimated at $27,200 could be made on the following items of expense:—

| | |
|---|---|
| Terminals—(See Exhibit "DA") | $20,700.00 |
| In administration through amalgamation and reduction of staffs | 6,500.00 |
| Total | $27,200.00 |

It could not be found that any savings by withdrawal of ships from routes could be made as none of these routes should be closed.

To offset this saving there would be additional expense to provide the independent company with auditing and accounting department, staff to handle traffic requirements, as the solicitation, advertising, tariff, printing and ticket work is now done by each company's respective rail department. Estimate of such expense to the proposed company would be $40,000.00 made up as follows:—

| | |
|---|---|
| Cost of Traffic Department for salaries, advertising, printing, tickets and tariffs | $30,000.00 |
| Office accommodations and maintenance for traffic and auditing staffs | 10,000.00 |
| Total | $40,000.00 |

At present the National Company is assessed $21,000 and Pacific costs would be about $19,000 making total of $40,000.

Barge service is operated by the Pacific Company at a profit, but such service is not operated by the National Steamships as this comes under the rail operating branch of that Company. The cost and earnings for same not at present available.

*Proposal No. 2*

It cannot be found that any further economies can be effected through mutual co-operation than what has already been accomplished.

*General*

The total year's expenses of the National Company exceed the operating costs as given in Exhibit (*c*) by $760,220.13.

The total year's expenses of the Pacific Company exceed the operating costs as given in Exhibit (*d*) by $620,660.31.

These differences are due to charges covering lay-up of ships not operated in off seasons, administration expenses, floating equipment retirements and other expenses assessed against each company.

A review of statement (*e*) will show that heavy expense due to ships laying idle is incurred annually, and the disposal of some of these ships would materially reduce the annual charges.

Both companies experience considerable competition from other steamship lines up and down the coast: to Alaska, the Pacific Steamship and Alaska companies operate all year services in addition to special summer services. The Northland Steamship Company carry on coastal trade between Alaska ports and Seattle and are quite a factor in the freight traffic.

The Union Steamship Company of British Columbia, serving all ports north of Vancouver in Canadian waters, are very active in freight and passenger traffic.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

12044

In addition there are numerous smaller lines operating to the West Coast of Vancouver Island as well as to other ports up and down the coast.

As a result of this competition the Traffic Departments of both the Pacific and National companies have to be very active in their efforts to secure traffic for their respective ships.

Signed:

FOR PACIFIC COMPANY
C. D. NEROUTSOS,
*Manager, Coastal Services.*

N. R. DESBRISAY,
*Asst. Pass. Traffic Manager.*

FOR NATIONAL COMPANY
THOS. LOUDEN,
*Act. Genl. Superintendent.*

G. A. McNICHOLL,
*General Passenger Agent.*

Blank Page

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120045

CANADA

# The Debates of the Senate

OFFICIAL REPORT—UNREVISED EDITION

Vol. LXXIV Wednesday, March 9, 1938 No. 9

CONTENTS

Canada's Railway Problem — Motion — Debate Continued.

## THE SENATE

Speaker: Hon. WALTER EDWARD FOSTER

Wednesday, March 9, 1938.

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

Prayers and routine proceedings.

## CANADA'S RAILWAY PROBLEM

MOTION—DEBATE CONTINUED

The Senate resumed from yesterday the adjourned debate on the motion by Hon. Mr. Beaubien:

That, in the opinion of the Senate, the Government should be urged to settle the railway problem of Canada at an early date in order to stop the ruinous loss made each year by the Dominion through the Canadian National Railways, and which already amounts to several billion dollars.

Hon. RAOUL DANDURAND: Honourable senators, it is unnecessary to state that the address delivered by the mover of this motion, the honourable senator from Montarville (Hon. Mr. Beaubien), was very interesting indeed. That is true of the address as a whole, but I have in mind at the moment particularly his references to our federal, provincial and municipal obligations, which are, in the main, incontrovertible. I must confess, however, that his conclusions on this subject were somewhat depressing and perhaps a little pessimistic. We all should realize that we are just moving out of a period of depression that has staggered the world. But for our unemployment problem and our Western drought calamity, I think we should be able to congratulate ourselves on the good condition of federal finances, at all events. We should not forget that throughout that economic crisis our people displayed their native stamina and withstood the strain courageously and well. I suggest with hope that we shall have a return to the brighter days of normal conditions. But, without going into financial details, I may say that in the meantime the world envies our lot. They see, as we ourselves have seen, that our people are at work, doing wonderfully well. Our exports are an evidence of our production. Yet our railway problem is still with us.

I will not discuss the liabilities of the Canadian National Railways at length. I will only deal with that part of the honourable gentleman's address in which he spoke of the Canadian National debt as having passed the three billion dollars mark and being added to at the rate of $100,000,000 a year. I should like to remark that this represents the funded debt to the public, which is for the most part guaranteed by either the federal or the provincial governments of Canada, and also what is known as Dominion of Canada account, which includes loans to railways $686,000,000, interest on these loans accrued and unpaid $530,832,000, deficit on interest charges $284,416,000, and cost of construction of the original Government railways, built as a public work, $405,000,000. My honourable friend sets up an interest charge of $75,000,000 on this immense sum, and then adds $40,000,000 as deficit, forgetful of the fact that this deficit item is already included in his total of three billion dollars.

As to the original Government railways, there is no more reason for calculating interest on that investment than on the investment in our canals, harbours or public buildings. It should be borne in mind that the deficits referred to are deficits consisting of interest charges and that there are no deficits on operation of the Canadian National, which provides a net operating revenue of about $15,000,000 a year. The Ottawa Journal of yesterday supports this view in an editorial headed, "A Fictitious Five Hundred Millions."

This does not get over the conviction that we all have, that the situation is a very



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120046

serious one. That situation became acute and was revealed when the War was on. The Drayton-Acworth Royal Commission of 1917 surveyed the whole field at that time and went deeply into the various problems which were engrossing the mind of the public. After examining suggestions for private and public ownership it rejected both, in the following terms:

We do not think that a railway monopoly is desirable either in the hands of a company or in the hands of the State. We are convinced that the people of Canada who have spent or guaranteed—whether wisely or not is not now the question—hundreds of millions of dollars, largely with the object of breaking a private monopoly, would never consent to the re-establishment of a still greater monopoly, even if the Government were a partner in the concern.

In 1925 a committee of the Senate made a lengthy inquiry and also rejected any idea of merger. The Duff Royal Commission of 1931 came to the same conclusion. It said:

To establish a monopoly of such a magnitude would place in the hands of those responsible for the administration of the system powers that would, if not properly exercised, prejudice the interests of the Dominion as a whole.

The Duff Commission also rejected the idea of leasing the Canadian National to the Canadian Pacific, in perpetuity or for a definite time, and said it did so because the lease would tend to a merger. It recommended separate maintenance of the two entities.

What the Senate favoured in 1925 was a middle-way proposal for continuing the separate entities, but under unified management as to administration and operation. The Senate committee's report asserted that unified management would remove or dispense with duplication in railway tracks and rolling stock, in passenger and freight services, in railway stations from the Atlantic to the Pacific, in telegraph, express and other services, in offices, in accounting and bookkeeping, in numerous other special offices and in administrative boards, staffs, and so on. This report came before us in the last days of the session of 1925. During the election campaign which followed closely upon prorogation that year this matter was not discussed before the people; nor was it discussed in the campaign of the following year. Perhaps a special reason for silence on the subject during the election of 1926 was the recovery which manifested itself in the latter part of 1925 and in the next year.

The recovery at that time was so marked that Mr. Beatty became optimistic and was then in favour of competition. Speaking before the Canadian Club at Montreal, on March 15, 1926, he referred to a statement which he had made before the Senate committee. The Montreal Gazette report of his address was given under the following heading:

Says competition in transportation spurs efficiency.

Referring to his appearance before the Senate committee, he said:

I was asked if I believed in a railway monopoly for this country, and I answered that while no one should attempt to forecast the conditions in this country for the next few years with that certainty which would justify a definite and unchangeable view, that I did not believe in a monopoly, and I did not believe in it for a reason that was perhaps in a peculiar way the result of my own experiences. I said that I thought a merger of these two principal properties would involve difficulties in administration which were scarcely contemplated and which would in time affect the character of the service given to the public; that I did not know how it could be possible, with the best executives, the most loyal and efficient officers and most patriotic board of directors, for an enterprise with one hundred and fifty thousand employees to be maintained in the highest state of efficiency without the spur of competition. We must admit that consolidations, properly conceived and carried out, are capable of effecting great economies. There is no way in which the same amount of money can be saved in a short space of time, and it may be that the people of Canada will have to determine at some stage whether the obvious disadvantages of consolidation are outweighed by the financial interests or necessities of the country.

I may be wrong in my point of view, but it is extremely difficult to maintain a high morale and that "on his toes" attitude of railway employees when they have nothing to measure their efforts against, and that, so far as they are concerned, the struggle for results is taken away because there is no one else in the ring.

And he adds this obvious remark, which he has repeated since:

Railway rearrangements can save money but they cannot create new traffic, and in the last analysis traffic volume, which means the country's development and commercial prosperity, will determine the extent of the transportation burdens of this country.

Right Hon. Mr. MEIGHEN: When did he give that address?

Hon. Mr. DANDURAND: March 15, 1926. We did not hear of the Senate resolution during 1927 and 1928, for they were prosperous years and railway revenues were increasing. The slump, which set in towards the end of 1928 and gathered momentum throughout 1929 and 1930, began to cause alarm among the railway fraternity, and the railway companies asked for an inquiry.

Hence the Duff Commission came into being. It made an exhaustive study of railways and transportation, as my honourable friend from Montarville (Hon. Mr. Beaubien) has said, and absolutely rejected the principle of a merger of the two railway systems either under private or public ownership. The Commission also examined the possibilities of unified management. The Senate resolution was brought to its attention, with the statement that unification would effect an annual saving of about $75,000,000 through abandonment of rails to the tune of some five thousand miles or more, and consolidation of stations, yards and terminal facilities, of locomotive and car shops, and of supervisory and managerial organizations.

Mr. Beatty—as he was when he appeared before the Duff Commission in 1932—declared himself against competition, although in 1926 he had urged its advantages. He proposed consolidation of the two railways by a lease of the Government lines to the Canadian Pacific on a profit-sharing basis. Here are his words:

I suggest to you, with deference, that the object to be sought is the securing of an incentive to efficiency, coupled with a sense of responsibility which secures economical operations, and that this result can only be achieved under private operation of the railways of Canada. This belief leads me to the conclusion that under existing conditions in Canada the only solution which will stand the test of the country's necessities is a consolidation through a lease on a profit-sharing basis of the Government railways to the Canadian Pacific.

He estimated that on the basis of the 1931 operating figures this would result in a saving of $60,000,000. A month later he filed a statement with the Commission showing possible annual savings of $6,340,000 through co-operative arrangements and $75,000,000 by unification of the two systems under private management.

Mr. Beatty was asked whether there was any method by which the lines merged under his proposal might be "unscrambled" later. He replied:

I do not think they are "unscramblable" if your effort is to secure maximum economy. My view of that has always been that if you approach this with the idea that you are going to have maximum economies, you cannot at the same time restore those in a few years in the condition in which you got them. I do not think that is possible. If you are going to abandon a piece of track because you don't need it, you won't save much if you say in five or six years, "I have to give it back in the condition in which I got it."

Sir Henry Thornton estimated a saving of $60,000,000. His opinion on amalgamation under some unified form of administration or private ownership will be found at page 668 of the proceedings of the Commission, as follows:

Amalgamation under some unified form of administration will, in theory, produce the maximum of economies, of which a material proportion will doubtless fructify. It has been estimated that these economies would yield a return of something like $60,000,000 per annum, increasing progressively from the first year and reaching the figure named perhaps at the expiration of a five-year period. Whether all of this sum can be salvaged by amalgamation is arguable, but whatever it may be should not be ignored in the discussion, and it would represent after its full attainment a continuous and annual return.

Speaking of the influence of politics on the management of railways, he said, as reported at pages 668 and 669 of the proceedings:

This difficulty would of course be removed if the two railways were amalgamated under private ownership; but at once there is aroused in the minds of the citizens of our Dominion that fear which is quite justifiably displayed whenever a great and formidable monopoly appears—a fear which the activities of many monopolies in the past have justified. There will also be the criticism that with the removal of competition there is bound to be a deterioration in service and efficiency, irrespective of the desire and effort of the management to avoid such results.

In short, for a variety of reasons the amalgamation of the Canadian National and the Canadian Pacific would be definitely repugnant to the people of the Dominion in my judgment; and, apart from anything else, it becomes politically impracticable. I believe it must therefore be discarded as a solution.

It will be seen from the foregoing that while Sir Henry Thornton had theoretical views on amalgamation and unification, yet he definitely discarded the idea that either was a solution of Canada's railway problem.

Later on Mr. Beatty was again examined before the Commission, when he spoke on the necessity of complete unification. His views will be found at page 2410 of the proceedings of the Commission. I cite them:

I would point out the self-evident fact that maximum economies are only possible through complete unification. The more favourably situated lines, the better facilities and equipment of the two companies would be available to carry out the combined operation in the most efficient manner and at the least expense.

It is evident that complete unification bespeaks permanency. There would be but one railway system. The Duff Commission saw in unified management a permanent fusion, an unscramblable proposition, and as it had rejected merger and monopoly under private or public ownership, quite logically it also rejected unified management, which in its opinion meant a permanent merger. As the two railway systems could not in that event be separated subsequently and restored to their former condition as individual systems, the Commission, after examining the whole field and considering the various proposals submitted, reported in favour of co-operation.

Sir Edward Beatty's unification plan would doubtless ensure economies if it remained in






120047

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120046

serious one. That situation became acute and was revealed when the War was on. The Drayton-Acworth Royal Commission of 1917 surveyed the whole field at that time and went deeply into the various problems which were engrossing the mind of the public. After examining suggestions for private and public ownership it rejected both, in the following terms:

We do not think that a railway monopoly is desirable either in the hands of a company or in the hands of the State. We are convinced that the people of Canada who have spent or guaranteed—whether wisely or not is not now the question—hundreds of millions of dollars, largely with the object of breaking a private monopoly, would never consent to the re-establishment of a still greater monopoly, even if the Government were a partner in the concern.

In 1925 a committee of the Senate made a lengthy inquiry and also rejected any idea of merger. The Duff Royal Commission of 1931 came to the same conclusion. It said:

To establish a monopoly of such a magnitude would place in the hands of those responsible for the administration of the system powers that would, if not properly exercised, prejudice the interests of the Dominion as a whole.

The Duff Commission also rejected the idea of leasing the Canadian National to the Canadian Pacific, in perpetuity or for a definite time, and said it did so because the lease would tend to a merger. It recommended separate maintenance of the two entities.

What the Senate favoured in 1925 was a middle-way proposal for continuing the separate entities, but under unified management as to administration and operation. The Senate committee's report asserted that unified management would remove or dispense with duplication in railway tracks and rolling stock, in passenger and freight services, in railway stations from the Atlantic to the Pacific, in telegraph, express and other services, in offices, in accounting and bookkeeping, in numerous other special offices and in administrative boards, staffs, and so on. This report came before us in the last days of the session of 1925. During the election campaign which followed closely upon prorogation that year this matter was not discussed before the people; nor was it discussed in the campaign of the following year. Perhaps a special reason for silence on the subject during the election of 1926 was the recovery which manifested itself in the latter part of 1925 and in the next year.

The recovery at that time was so marked that Mr. Beatty became optimistic and was then in favour of competition. Speaking before the Canadian Club at Montreal, on March 15, 1926, he referred to a statement which he had made before the Senate committee. The Montreal Gazette report of his address was given under the following heading:

Says competition in transportation spurs efficiency.

Referring to his appearance before the Senate committee, he said:

I was asked if I believed in a railway monopoly for this country, and I answered that while no one should attempt to forecast the conditions in this country for the next few years with that certainty which would justify a definite and unchangeable view, that I did not believe in a monopoly, and I did not believe in it for a reason that was perhaps in a peculiar way the result of my own experiences. I said that I thought a merger of these two principal properties would involve difficulties in administration which were scarcely contemplated and which would in time affect the character of the service given to the public; that I did not know how it could be possible, with the best executives, the most loyal and efficient officers and most patriotic board of directors, for an enterprise with one hundred and fifty thousand employees to be maintained in the highest state of efficiency without the spur of competition. We must admit that consolidations, properly conceived and carried out, are capable of effecting great economies. There is no way in which the same amount of money can be saved in a short space of time, and it may be that the people of Canada will have to determine at some stage whether the obvious disadvantages of consolidation are outweighed by the financial interests or necessities of the country.

I may be wrong in my point of view, but it is extremely difficult to maintain a high morale and that "on his toes" attitude of railway employees when they have nothing to measure their efforts against, and that, so far as they are concerned, the struggle for results is taken away because there is no one else in the ring.

And he adds this obvious remark, which he has repeated since:

Railway rearrangements can save money but they cannot create new traffic, and in the last analysis traffic volume, which means the country's development and commercial prosperity, will determine the extent of the transportation burdens of this country.

Right Hon. Mr. MEIGHEN: When did he give that address?

Hon. Mr. DANDURAND: March 15, 1926. We did not hear of the Senate resolution during 1927 and 1928, for they were prosperous years and railway revenues were increasing. The slump, which set in towards the end of 1928 and gathered momentum throughout 1929 and 1930, began to cause alarm among the railway fraternity, and the railway companies asked for an inquiry.

Hence the Duff Commission came into being. It made an exhaustive study of railways and transportation, as my honourable friend from Montarville (Hon. Mr. Beaubien)





120047

has said, and absolutely rejected the principle of a merger of the two railway systems either under private or public ownership. The Commission also examined the possibilities of unified management. The Senate resolution was brought to its attention, with the statement that unification would effect an annual saving of about $75,000,000 through abandonment of rails to the tune of some five thousand miles or more, and consolidation of stations, yards and terminal facilities, of locomotive and car shops, and of supervisory and managerial organizations.

Mr. Beatty—as he was when he appeared before the Duff Commission in 1932—declared himself against competition, although in 1926 he had urged its advantages. He proposed consolidation of the two railways by a lease of the Government lines to the Canadian Pacific on a profit-sharing basis. Here are his words:

I suggest to you, with deference, that the object to be sought is the securing of an incentive to efficiency, coupled with a sense of responsibility which secures economical operations, and that this result can only be achieved under private operation of the railways of Canada. This belief leads me to the conclusion that under existing conditions in Canada the only solution which will stand the test of the country's necessities is a consolidation through a lease on a profit-sharing basis of the Government railways to the Canadian Pacific.

He estimated that on the basis of the 1931 operating figures this would result in a saving of $60,000,000. A month later he filed a statement with the Commission showing possible annual savings of $6,340,000 through co-operative arrangements and $75,000,000 by unification of the two systems under private management.

Mr. Beatty was asked whether there was any method by which the lines merged under his proposal might be "unscrambled" later. He replied:

I do not think they are "unscramblable" if your effort is to secure maximum economy. My view of that has always been that if you approach this with the idea that you are going to have maximum economies, you cannot at the same time restore those in a few years in the condition in which you got them. I do not think that is possible. If you are going to abandon a piece of track because you don't need it, you won't save much if you say in five or six years, "I have to give it back in the condition in which I got it."

Sir Henry Thornton estimated a saving of $60,000,000. His opinion on amalgamation under some unified form of administration or private ownership will be found at page 668 of the proceedings of the Commission, as follows:

Amalgamation under some unified form of administration will, in theory, produce the maximum of economies, of which a material proportion will doubtless fructify. It has been estimated that these economies would yield a return of something like $60,000,000 per annum, increasing progressively from the first year and reaching the figure named perhaps at the expiration of a five-year period. Whether all of this sum can be salvaged by amalgamation is arguable, but whatever it may be should not be ignored in the discussion, and it would represent after its full attainment a continuous and annual return.

Speaking of the influence of politics on the management of railways, he said, as reported at pages 668 and 669 of the proceedings:

This difficulty would of course be removed if the two railways were amalgamated under private ownership; but at once there is aroused in the minds of the citizens of our Dominion that fear which is quite justifiably displayed whenever a great and formidable monopoly appears—a fear which the activities of many monopolies in the past have justified. There will also be the criticism that with the removal of competition there is bound to be a deterioration in service and efficiency, irrespective of the desire and effort of the management to avoid such results.

In short, for a variety of reasons the amalgamation of the Canadian National and the Canadian Pacific would be definitely repugnant to the people of the Dominion in my judgment; and, apart from anything else, it becomes politically impracticable. I believe it must therefore be discarded as a solution.

It will be seen from the foregoing that while Sir Henry Thornton had theoretical views on amalgamation and unification, yet he definitely discarded the idea that either was a solution of Canada's railway problem.

Later on Mr. Beatty was again examined before the Commission, when he spoke on the necessity of complete unification. His views will be found at page 2410 of the proceedings of the Commission. I cite them:

I would point out the self-evident fact that maximum economies are only possible through complete unification. The more favourably situated lines, the better facilities and equipment of the two companies would be available to carry out the combined operation in the most efficient manner and at the least expense.

It is evident that complete unification bespeaks permanency. There would be but one railway system. The Duff Commission saw in unified management a permanent fusion, an unscramblable proposition, and as it had rejected merger and monopoly under private or public ownership, quite logically it also rejected unified management, which in its opinion meant a permanent merger. As the two railway systems could not in that event be separated subsequently and restored to their former condition as individual systems, the Commission, after examining the whole field and considering the various proposals submitted, reported in favour of co-operation.

Sir Edward Beatty's unification plan would doubtless ensure economies if it remained in



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120048

the realm of theory and did not touch the earth. Unfortunately—or fortunately—railways run on the ground. They are serving human beings, for whom they were built.

At the time Mr. Beatty appeared before the Commission the railways had a free hand as to abandonments and rail-lifting; but under an amendment made to the Railway Act about a year and a half later no such steps could be taken without approval being first obtained from the Railway Commission. Mr. Beaudry Leman, a member of the Duff Commission, drew the attention of Mr. Beatty to the change, and this interesting conversation will be found at page 2459 of the proceedings:

Commissioner Leman: In your project of unification do you visualize carrying on through the instrumentality of the Canadian Pacific Railway, or have you been investigating the advantages or otherwise of a third body stepping in and carrying on—a body upon which the Government and yourselves would be represented and which, of course, would take the responsibility for everything that is to be done in the way of abandonments, including the dissatisfaction created thereby, and the bringing together of the policies of the companies, which would retain their identities?

Mr. Beatty: That is feasible. It has two disadvantages. It brings the Government into closer association with the administration of the properties than I think is wise, and it also renders doubtful the type that would be selected for appointment to the Board. The reason I suggested the Canadian Pacific as the means is that I would rather start with a Board that is known. I did think there would have to be added to the Board in course of time men not necessarily nominees of the Canadian Pacific Railway. If the Government selected the directors I would not like it, but if the Government established a tribunal to select them, an independent body composed of men, as I have mentioned, from the Canadian Bankers Association, the Canadian Chambers of Commerce and a judge of the Supreme Court, then of course you would be almost certain to get the type of men whose ability would justify the selection.

Commissioner Leman: Would there not be a great advantage from the Canadian Pacific Railway point of view in not having the odium and unpopularity of deciding? You have 5,000 miles of road that you contemplate abandoning. This is not a popular move.

Mr. Beatty: No. To that extent it would be helpful. Perhaps we could not escape our share of the responsibility, no matter what happened.

Commissioner Leman: But if you contemplate resuming your identity at a later date would there not be some advantage in having a third body during the intermediate period?

Mr. Beatty: We have always contemplated from the beginning that there would be an over-riding Commission which would be a court of appeal in all these matters. It would be in the shape either of a glorified railway commission or a separate and independent body which would pass on this very thing, and permit or refuse to permit the abandonment of properties in the public interest. I think that is essential. I do not think you should say to a private body of men like a board of directors, "You have unlimited power to do these things."



I would point out that we have never had the conditions under which the Canadian Pacific Railway Company would agree to unified management. Perhaps I should recall that the Senate resolution assured the Canadian Pacific a dividend on its common shares, which at that time were earning ten per cent. For several years the company has passed the dividend on its common stock. Surely no one to-day would guarantee the Canadian Pacific a dividend on that stock.

True, Sir Edward Beatty has often said, "Let us first agree on the principle, and then we will discuss details." I would suggest that the principal conditions of any projected association are usually based on what each party brings in and takes out as its share of profit. I have often wondered whether, in case the Canadian National capitalization were revalued on the basis of a part of its bonded indebtedness, so as to bring it to the level of the total bonded obligations of the Canadian Pacific Railway and thus to put the two systems on a fairly equal basis, the Canadian Pacific Railway would join in a scheme of unified management under which it would receive equal treatment in the apportionment of profits. I understand that the Canadian Pacific Railway was at one time desirous of ranking the Candian National obligations with its own common stock, the Canadian Pacific to have the privilege of receiving interest on its obligations and on preferred stock. When the Canadian Pacific Railway invites the Canadian National Railways to come and play in its yard, the Canadian National is entitled to know what will be the conditions of the game, and I would suggest to Sir Edward Beatty that he drop generalities and give the public a fair outline of his plan.

One must not lose sight of the fact that any scheme of unified management would be contingent upon a financial arrangement satisfactory to the Canadian Pacific Railway. This aspect of the question is but an aside, as the Act of 1933 forbids amalgamation and unified management and control of the railway systems which form part of the Canadian National Railways. It must not be forgotten, and of course my colleagues around me do not forget, that the Act of 1933 originated in this Chamber and was unanimously adopted. I think I am quite logical, therefore, in stating that the Act of 1933 superseded the Senate resolution of 1925, and that it is now the law of the land.



120049

Right Hon. Mr. MEIGHEN: Not quite. I wish it were.

Hon. Mr. DANDURAND: There was a change in the trusteeship, which I think was welcomed in many quarters, but the sense of the Act remained.

Right Hon. Mr. MEIGHEN: It was welcomed by the job-hunters.

Hon. Mr. DANDURAND: I will state what has been achieved so far under this Act and in conjunction with it. The stereotyped suggestion of $75,000,000 or $60,000,000 of savings under co-operation, or even under unified management, is at present, manifestly, a hopeless proposition. Apart from line abandonments, the co-operative measures which the two railways have put into effect since the passage of the Canadian National-Canadian Pacific Act of 1933, are estimated to have resulted in a joint annual saving of $1,092,500. These co-operative measures have had to do with the pooling of passenger services and the joint use of certain facilities. In the matter of line abandonments not a great deal has been accomplished, although a joint executive committee of the officials of the two companies has been giving continuous study to the possibilities of various proposals in this respect. Abandonment proposals are in two categories: (a) those relating to functionally duplicate lines, and (b) those relating to non-competitive thin-traffic lines. Those in category (a) are required to be dealt with under the Canadian National-Canadian Pacific Act of 1933; those in category (b) may be dealt with without reference to the Canadian National-Canadian Pacific Act, because no joint interest is involved, and each company may deal with such mileages as a purely company matter. But no mileage could be abandoned by either railway without the authority and approval of the Board of Railway Commissioners, which hears argument for and against all applications.

The situation regarding co-operative line abandonments of functionally duplicate lines may be summarized as follows:

| | Mileages C.N. | Mileages C.P. | Total | Estimated joint annual saving |
|---|---|---|---|---|
| 2 projects actually accomplished | 11 | 28 | 39 | $42,300 |
| 15 projects approved by Joint Executive Committee, but no formal application for abandonment has yet been filed | 330 | 295 | 625 | 525,600 |
| 13 projects studied, but rejected owing to lack of sufficient economy | Indefinite | | 407 | .... |
| 19 projects still being studied | Indefinite | | 1,563 | Indefinite |
| Total mileage | | | 2,634 | |

Right Hon. Mr. GRAHAM: Are those the figures per year?

Hon. Mr. DANDURAND: Per year.

The situation with respect to thin-traffic branch lines is as follows:

| | C.N.R. Mileage | C.N.R. Estimated annual savings | C.P.R. Mileage | C.P.R. Savings unknown |
|---|---|---|---|---|
| Applications granted | 252 | $261,000 | 80 | .... |
| Applications denied | 271 | 186,000 | 40 | .... |
| Applications withdrawn | 38 | 10,000 | Nil | .... |
| Applications awaiting decision of Board of Railway Commissioners | 16 | 8,000 | Nil | .... |
| Applications on which action deferred | 22 | 20,000 | Nil | .... |
| Total | 599 | $485,000 | 120 | .... |

From the foregoing figures it will be noted that the economies resulting from mileage abandonments actually accomplished have been $1,087 per mile—the figure of my honourable friend from Montarville (Hon. Mr. Beaubien) was much higher—

Hon. Mr. BEAUBIEN: I said $2,000.

Hon. Mr. DANDURAND: —$1,087 per mile under joint arrangement, and $1,035 per mile from abandonment of thin-traffic lines. If it were possible to abandon the whole of the 5,000 odd miles included in the Canadian Pacific's unification abandonment program, the resultant economies would amount to

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120050



about $5,500,000; and as the 5,000 miles of line affected are 66 per cent Canadian National mileage, the Canadian National properties would bear the brunt of this dismemberment.

To secure the economies referred to, the consent of the Board of Railway Commissioners would, as already stated, be required in every instance, as would also the consent of the bondholders whose investment in former privately owned lines would be affected. In addition, the wholesale abandonment of struggling communities of people who have settled along our colonization railways, and established industries which would be injuriously affected, would have to be considered. The $75,000,000 saving claimed for unification takes no account of the possible demands for compensation from such sources, nor of the cost of compensating employees displaced, who are estimated to number 22,314, or seventeen per cent, on the basis of last year's pay-rolls. In addition, the cost of lifting the rails themselves would be a considerable item, and this has not been taken into consideration by the proponents of unification.

With respect to the abandonment applications of the two principal railways during the past five years, the Board of Railway Commissioners has supplied figures, from which it will be noted that the mileage of Canadian National Railways abandonments refused by the Board exceeds the mileage of the abandonments granted. The figures are as follows:

| | |
|---|---|
| Canadian National Railways— | |
| Applications for abandonment.. | 29 |
| Mileage involved.. .. .. .. .. | 614·81 |
| Mileage granted.. .. .. .. .. | 272·64 |
| Mileage pending.. .. .. .. .. | 28·52 |
| Mileage refused.. .. .. .. .. | 276·15 |
| Mileage withdrawn.. .. .. .. | 37·50 |
| Canadian Pacific Railway— | |
| Applications for abandonment.. | 9 |
| Mileage involved.. .. .. .. .. | 172·92 |
| Mileage granted.. .. .. .. .. | 117·12 |
| Mileage refused.. .. .. .. .. | 55·83 |

At the time the Canadian Pacific abandonment program was set up, proposals to abandon railway mileage did not require the approval of the Board of Railway Commissioners, but in 1933 the Railway Act was amended to read as follows:

Section 165 (a). The company may abandon the operation of any line of railway with the approval of the Board, and no company shall abandon the operation of any line of railway without such approval.

It may be opportune to indicate the difficulties that are met in the matter of co-operation by the two companies in their efforts to reduce expenses. During the session of 1934 the Minister of Railways desired to introduce bills to unify the telegraph and express services, with the consent and approval of the two railways, but he had to abandon his projects because, forsooth, of ominous rumblings which indicated that the bringing together of those two branches of the railway systems under a unified régime was regarded as the thin edge of a merger.

So much has been heard of Canadian National Railways deficits that the man in the street is usually surprised when he is told that since consolidation under the present arrangement in 1923 the system has never failed to meet its operating expenses, even during the worst years of the depression, and that at the present time it is able to achieve a net operating revenue of about $15,000,000, and to contribute, notwithstanding the uncontrolled and unregulated highway competition of recent years, more than $6,000,000 a year towards fixed charges due the public. This has been possible despite the fact that the railways constituting the Canadian National Railway System, unlike those of the Canadian Pacific Railway, were designed for operation not as a unit, but as competing systems. Furthermore, it must not be forgotten that the fixed charges of the Canadian National lines, guaranteed by the Dominion and certain of the provinces, are an inheritance from private ownership.

Inasmuch as the return of the National Railways to private management would not lessen the responsibility of the owners, the people of Canada, the question may well be asked whether it would cure our railway ills. On the contrary, any arrangement for unified management and operation would enlarge and increase the responsibility to the extent that the financial obligations of the private company were involved in it. At the present time the Government knows where it stands so far as its railway obligations are concerned. Does anyone know where it would stand under unification?

I have had occasion to repeat, after Sir Edward Beatty, that unification means permanency. One cannot retrace one's step. What will be the fate of the railways in five or ten years? My honourable friend from Montarville (Hon. Mr. Beaubien) has stated that every day the railways are losing more and more traffic to their competitors on land, on water and in the air. Then certain important questions arise. Under joint management, who would provide new capital? Who would be responsible for refunding? Who would issue the necessary security for the refunding, at maturity, of Canadian



120051



Pacific as well as Canadian National issues if business were not good? Would the Government's guarantee not be required? Under joint management, whatever happened, would the Government not be forced to furnish railway services? Would the Government not have to cover the yearly deficits? Would not the obligations of the State increase rather than diminish?

After all, the deciding factor in the railway situation is the amount of business offering. Unification would not increase railway traffic. That it would decrease present working expenses is doubtful in view of the fact that the estimated saving of $75,000,000 was predicated upon 1930 operations, and that since that time the combined operating expenditures of the two railways, even under separate management, have dropped from $382,000,000 to $286,000,000. This reduction reflects the economies which the two railways have been obliged to introduce in their own interests. It reflects also the lessened volume of business available to them. It is impossible to suppose that under any plan of operation, separate or united, an additional saving or reduction of $75,000,000 on expenditures can be made if the efficiency of the railways is to be maintained and a reasonable service provided.

Thus we arrive at the same conclusion as the Royal Commission did. The extreme competition to which that body directed attention is no longer in evidence. Both railways have learned their lesson in this matter and are co-operating whenever it is possible to do so within lines of existing legislation. Competitive branch-line construction is virtually a thing of the past, as are unwise or unnecessary hotel and steamship ventures. In 1933, when answering Mr. Beatty's point that competition and co-operation were incompatible, my right honourable friend (Right Hon. Mr. Meighen) said that as time went on the area of competition would be gradually reduced, while the area of co-operation would be proportionately enlarged.

As to hotels, I might mention in passing that an agreement has just been entered into by the two companies, to the very great advantage of each, for joint and equal use of the new Canadian National hotel at Vancouver.

Wholesale abandonment of mileage under the unification plan is recognized as being impracticable as a policy. But that fact ought not to prevent the two railways from studying abandonment projects that would not result in leaving struggling communities without railway service upon which they were dependent. In brief, the Government feels that within the confines of the present legislation, subject to the will and desire of the railway managements to co-operate, and subject also, if necessary, to the arbitral features of the Act, it will be possible to achieve whatever worth-while further economies can be achieved, without inviting by completely merging administration and operation of the railways and consolidating their physical properties the very grave potential dangers to which royal commissions have repeatedly directed attention, and with much less hardship and disturbance of the social and economic life of the country than would result from a merger of the railways.

The Government fully appreciates the gravity of the extent of assistance required to enable the Canadian National Railways to pay bond interest, and has explored every possible avenue for improvement. The results indicate clearly that any improvement possible through amalgamation or unified management would be trivial when compared with the dislocation of business that such a move would bring about. The policy of the Government will be to operate the Canadian National Railways as economically as possible and at the same time to put forward every effort to increase the volume of traffic, which is the real key to the situation. The Government is satisfied that only through increased volume of traffic can the railway problem be solved or the situation materially improved from the national viewpoint.

Now I come to the motion before us. It asks the Senate to urge Parliament to settle the railway problem of Canada at an early date. It offers no concrete proposal, nor any other kind of proposal. But its mover, my honourable friend from Montarville (Hon. Mr. Beaubien), suggests that the Government adopt the Senate's resolution of 1925. If he looks at its terms, though, he will realize that no one, not even himself, would suggest them to-day. Present conditions are not those of 1925. The honourable senator adds that, if his suggestion is not acceptable, the Government should call in the best authorities in the land to give advice. But I would ask him: What tribunal does he suggest? Has he in mind another royal commission?

Hon. Mr. CASGRAIN: They are no good.

Hon. Mr. DANDURAND: The Duff Commission was composed of the highest authorities. Its members were: Right Hon. Lord Ashfield, of London, England, Right Hon. Lyman Poore Duff, Sir Joseph W. Flavelle, Mr. Beaudry Leman, Mr. Leonor Fresnel Loree, of New York, Mr. Walter Charles Murray, and Mr. John Clarence Webster. I am convinced

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120052

that if they were reconvened to-day—and I doubt if my honourable friend or anyone else, after exploring the whole country, could suggest more capable men—they would maintain their conclusions of 1932, even under the present changed conditions. The Senate in 1933 had a public and exhaustive inquiry before adopting the Canadian National-Canadian Pacific Bill, which was based on the conclusions of that royal commission. Will the Senate in 1938 reverse its decision of 1933? Will it do so simply as a result of Sir Edward Beatty's campaign throughout the land? Will it do so without a serious inquiry, and without hearing the views and arguments of our own Canadian National executive?

My honourable friend has said that if the Government wants more light it should call in the best authorities in the land. To my mind, the best authorities are close at hand. They are charged with the execution of the will of Parliament. I refer to the members of the joint co-operative committee appointed by the two railway companies to effect economies as directed by the Act of 1933. The representatives forming that co-operative committee are: for the Canadian National, S. W. Fairweather, Director, Bureau of Economics, chairman; C. S. Gzowski, Chief Engineer of Construction, and N. B. Walton, Chief of Transportation; and, for the Canadian Pacific, H. D. Grout, Assistant to the Vice President, chairman; R. B. Jones, Assistant Engineer, and G. C. Brooks, Chief Joint Facility Accountant. This committee initiates and considers co-operative projects, and submits such definite proposals as may result to a joint executive committee composed of directors of both railways. The Canadian National representatives are S. J. Hungerford, President, H. J. Symington, K.C., and James Y. Murdock, K.C., while the Canadian Pacific is represented by Sir Edward Beatty, President, and two other directors, who at different times have been W. N. Black, and W. N. Tilley, K.C., or Ross H. McMaster. Only this joint executive committee deals with co-operative proposals that are recommended. They have to be passed upon by the board of directors of each railway, and if they involve abandonments they also require final approval and authority of the Board of Railway Commissioners.

The Senate could call these experts before one of its committees and ask them to explain what they have done, what they are doing and what they expect to do. On maps that were filed by the two companies with the Duff Commission they could show us projected abandonments. These maps are no longer secret, since they have to be presented—piecemeal, it is true—before the Railway Board when an application is made to have an abandonment approved.

If the Senate appointed a committee and it found any impediment in the way of more effective co-operation between the railways, Parliament and the public should be informed. Perhaps there is a psychological situation which should be shifted or removed.

If it were made clear that the idea of amalgamation under any form must be discarded, and that unified management would mean amalgamation, perhaps then the present campaign for amalgamation would come to an end and the Canadian Pacific authorities would devote themselves whole-heartedly to thorough application of the principles set out by the Duff Commission and in the Act of 1933, so as to bring them to full fruition. I feel that when the amalgamation idea is dropped much more rapid progress will be forthcoming.

There is one feature of this railway question which is of paramount importance. The leaders of both parties, when seeking a mandate from the people, declared their railway policy. In 1930 Mr. Bennett reached power with the flamboyant slogan, "Competition ever, amalgamation never," and this principle was embodied in the Act of 1933. He did not recede from that position in the campaign of 1935. In that campaign Mr. King, likewise, told the people that the Liberal party stands for the maintenance of the integrity of the Canadian National Railways as a publicly owned and publicly controlled service.

My honourable friend from Montarville has cited that part of the press of Canada which in 1933 supported the views of Sir Edward Beatty. But the opinions expressed by those newspapers were not heeded by the party leaders, Conservative or Liberal. In these circumstances, if any different policy is to be formulated for handling the railway problem, is it not only just and proper that it should be submitted to the people in due time? No one, surely, would suggest that the elected representatives could break faith with their mandators.

Right Hon. ARTHUR MEIGHEN: Honourable members, there is nothing that so contributes to happiness of mind and, I suppose, consequentially, to health of body, as facility in forgetting. If a man is a good forgetter he will go through life with much less anguish than if memories of the past haunt him all his days. I do not wonder that my hon. friend opposite (Hon. Mr. Dandurand) is indeed strong and rugged. Physically and intellectually he is in the pink, because he possesses that facility in a superlative degree. We have before us a resolution urging upon the administration of which he is a distinguished member the solution of our railway problem. I do not know that I have heard the horrors of that problem portrayed by anyone in more impressive language than was used by my honourable friend opposite in other days. My memory goes back a long way: I am not blessed with that capacity which he possesses to such a high degree. It goes back to 1921, when candidates who had his ardent support pictured this dominion as hurrying into the depths of bankruptcy because of the folly of the then administration in becoming, on account of assuming liabilities, the owner of properties which were its surety. They were thoroughly convinced that we should be faced with a terrific railway problem, and they ascribed all its woes, complications and troubles to public ownership. Well, sixteen years have passed. I ask my honourable friend: Does he think the railway problem of to-day presents fewer troubles and complications and a lighter challenge than it did in 1921 and 1922?

Hon. Mr. DANDURAND: I was sympathetic with my right honourable friend at the time.

Right Hon. Mr. MEIGHEN: The sympathy was expressed by opposition—which I thought was rather unfair opposition. Now that I know my honourable friend I can hardly believe he gave expression to things which I heard from his lips at that time.

Our railway problem of to-day transcends in every feature, especially its discouraging and depressing features, anything which it presented in 1921. There was nothing then even dreamed of comparable to what faces us right now. It has got worse every year since; even in the good years. In a few moments I shall recite why, as I believe it is not difficult to assess responsibility for the present situation.

My honourable friend engages to-day in a very interesting debate with Sir Edward Beatty by way of answer to the motion of the honourable senator from Montarville (Hon. Mr. Beaubien). When he ceases debating with Sir Edward Beatty he debates with himself, with his own conclusions of 1925, in attempting to show what babes in the woods the Senate committee members at that time were. In addition he pleads for the continuance of two railway systems because, in his judgment, there must be competition; yet in the very next breath he is showing that the day of competition is gone. That is not an answer to this motion.

I am glad my honourable friend said what he did about the Duff Commission. I do not know how anyone could have a different view. If ever there was a commission appointed by parliament or government which was competent for its task, it was that one; if ever there was a commission free of partisanship as between contending forces in Canada, it was the Duff Commission; and if ever a commission did its work intelligently and thoroughly, that one did. I know it did not report in favour of amalgamation. My belief is that it felt the people of Canada were not prepared for that. I do not know whether they are prepared yet. It reported in favour of something which it thought was possible and practicable, and laid down lines for getting results which it deemed so essential. In its report the commission recommended as a cardinal principle that the administration of the National Railways should be removed from governmental influence altogether; should, in fact, be answerable in future not to Government, but to Parliament. This was the considered opinion of the Duff Commission, a commission, as my honourable friend says, was composed of the very best men that could have been selected for the purpose.

During the following session the report took the form of legislation under the Canadian National-Canadian Pacific Act, supported by both houses of Parliament. This legislation implemented the report to the letter, from its first line to its last. As soon as the best available chairman of the Board could be chosen he was appointed by Order in Council.

After one year and nine months of operation the Government of which my honourable friend is a member repealed that legislation in its chief feature, took away the supremacy of Parliament and restored the supremacy of Government, and did so because of, or after, a statement by its Minister of Railways that he was not going to see the National Railways run without the influence of the Government, as it might destroy his political life.

To-day the report of the Duff Commission is in ashes as to its cardinal feature. We have now a return to governmental operation directly under the Minister of Railways, and, if my information is within fifty per cent of being correct, we have a restoration of political patronage on a scale never known before.





120053

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 20054

Some disappointment was expressed as to the achievement of the one year and nine months' operation. That is not a long period and never could give a fair trial to any system. Surely a man of the intelligence of my honourable friend knows that. The cardinal principle of operation free from Government influence could not be tested within that time. There could be a return for only one complete year. But the principle was thrown aside. This much, though, was accomplished: a scale of precipitate indebtedness was reversed. For nine years, according to the report, in respect of annual obligations, apart entirely from obligations to the Government, we had been running behind at the rate of $50,000,000 a year, and for new capital expenditures we had run into debt to the extent of another $50,000,000. We did not get rid of all the $50,000,000 deficit in operation, though we got rid of some; but we did get rid of the whole $50,000,000 for new capital expenditures. The retirements in that year and nine months were greater than the increased capital investment.

I now assess responsibility for the mire we are in with respect to our National Railways. We had nine years of a railway orgy under Sir Henry Thornton; nine years of a railway debauch, during which we went into debt at a rate exceeding $100,000,000 a year. Yet we wonder at our railway problem!

Hon. Mr. CASGRAIN: And the Canadian Pacific, too.

Right Hon. Mr. MEIGHEN: The Canadian Pacific, pleading by way of excuse, perhaps by way of valid reason, that it had to follow the example set, had done so and suffered some of the consequences. No wonder it cannot pay dividends. Possibly it had to follow; I am not a railway man and do not know. But I do know who set the pace, who acquired roads that were worthless, who built hotels that have had to be closed for years, who built boats that had to be tied up at docks, who made the National Railways a virtual appendage of the Liberal party. I can name him now. I have told him so to his face. There lies the responsibility for our position. Increase capital charges against a system to that gigantic extent, and unless it is an industry on the ascent in the commercial world, growing in importance and in consequence, that industry is sure to be sunk. And the railway industry is not on the ascent; it is on the road down.

Someone said we cannot possibly have amalgamation because it would eliminate competition. I do not know that we can have amalgamation but I know we never should have needed it nor anything similar if we had taken the right course. However, we need never fear lack of competition. All railways to-day have competition, the like of which they have not known for a hundred years. Railways in every country have competition. They know now what competition is. They are not the commercial aristocrats they were twenty-five or thirty years ago. They have now to cater to the public as other business concerns in competition with one another have had to cater all through the decades. The railways have competition of motor trucks and buses, they have still the old competition of the lakes, and now they have the latest competition of air services. The railways will never lack competition. That is not what they are suffering from. They are suffering from a contraction of the business they can do, owing to the competition to which I have referred. The National Railways system is suffering as well from a multiplication of liabilities because of attachment to Government. The Government in office to-day is the Government that did the attaching just two years ago;—

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: —and the man chiefly responsible is the Minister of Railways.

Now let me examine the defence made by my honourable friend opposite. Apparently the leader of the Government in this House does not feel we have any very heavy or forbidding railway problem. He is not at all afraid of it to-day.

Hon. Mr. DANDURAND: I should like it to improve.

Right Hon. Mr. MEIGHEN: Yes; I do not doubt he would like it to improve. I wish he would tell us what he is doing to improve it. We have no figures from him. I know where the system was two years ago: we had all the figures then. I know at that time we were running behind somewhat less than $1,000,000 a week. We had reduced the annual deficit by $2,000,000 or $3,000,000. With that reduction the present Minister of Railways proclaimed himself wholly dissatisfied. He ridiculed such reductions as had been made in connection with the merchant marine and other services as detailed by Mr. Fullerton. Those reductions did not satisfy him at all. There was a $48,000,000 deficit to be got rid of, and he was going to amend the Act to accomplish this. Have we had a report on how much of that has been got rid of? Up to last year we had a straight four years of operation since the Act went into effect in 1933. We had the benefit of the accelerated business era. We are on the down-grade now, but up to 1937 we had had very good





I 20055

years. I should like to know the operating results to the end of 1937. The Minister of Railways was not satisfied with a reduction of $2,000,000 or so in the annual deficit and the clear wiping out of all new capital expenditures. He was going to get into the saddle and do things, and do them soon. Has he done anything under his amending Act? I cannot get any figures. I do not get any from the leader of the Government. I have not heard anything of the results for 1937. They may be somewhat better. They ought to be a great deal better, for 1937 is the best year we have had since 1928. But I venture to suggest that when they do come down they will be a disappointment to this House. I do not believe they will be satisfactory. I do believe they will show the great bulk, if not all, of the deficit of 1935 continued. If that is not a problem, then I know not how to measure one.

The honourable senator from Montarville (Hon. Mr. Beaubien), who introduced this motion, in one of the best speeches I have heard in either House in many a day, told us that taxes are the very essence of the difficulties that we hear about from hour to hour and from day to day. And they are. It is for that reason we have unemployment. The load of taxation keeps down the activity of business; it presses on us so heavily that business cannot expand; and if business cannot expand it cannot take on more labour. It is only by expansion of business and production that we can ever reduce the volume of our unemployment. Taxation is the burden that prevents that expansion. Only the day before yesterday I met in the hall of this building one of the leading men in a great industry in our province, an industry of first magnitude, carrying on business in many countries of the world. I know of no industry better or more unselfishly managed; I know of none where labour is happier. He told me the management were discouraged. They had given their lives to the expansion of the enterprise; they had given everything. "But," he said, "last year we paid $3 in taxation for every dollar we could pay our shareholders, and for the three years previous we paid $300,000 in taxation although our shareholders lost $100,000." I find now the management are buying some small Government annuities. Their courage for expansion and for more employment has gone, crushed out of them by the burden of taxation. And the main element in this burden of taxes is still our National Railways. It is a tremendous problem. If we are satisfied with the pace we are going to-day, well, I know business is not satisfied, and I know no man out of employment, if he is intelligent, can be satisfied, for it is one of the causes of his being where he is to-day.

I come back now to the Senate resolution of 1925, so frequently referred to by the honourable member from Montarville. I was not a party to that resolution. I was in the other House at the time and I think I commented somewhat severely on it there. I have not changed my views in the interim. I do not think we ever could operate on the basis of that resolution. I do not see how the members of the Senate committee then thought the railways could operate under it. The resolution provides that there shall be joint operation under a board, five of the members to be selected by one system, five by the other, and five by those ten. I do not think it is an unwise suggestion. I think the suggestion is worth consideration as a method of securing a unified directorate, if unified operation is decided on. But the other terms of the resolution seem to me utterly impossible.

Right Hon. Mr. GRAHAM: And so was that one, utterly impracticable.

Right Hon. Mr. MEIGHEN: I am not so certain of that, but I do not intend to discuss it, for the resolution as a whole could not possibly be adopted. My honourable friend opposite was a member of the Senate committee. The resolution provided that the Canadian Pacific should be guaranteed an agreed dividend on its stock. I do not see how that could have been wisely recommended even in 1925.

Hon. Mr. DANDURAND: The Canadian Pacific was earning ten per cent on its common stock at that time.

Right Hon. Mr. MEIGHEN: Then after the Canadian Pacific was paid all interest on its bonds, presumably on its preferred stock and also on its common stock, whatever was left should be applied on a valuation, to be fixed by the Government, of the Canadian National, based upon the earning capacity of the road. I am afraid not very much consideration was given to that resolution. My honourable friend has become much more thorough in his findings in the years that have intervened. Imagine unified operation with the cream all going to the one system! If there was anything left after the bonds and stock of the privately-owned system were taken care of, the other system would get it. I do ont think my words in the Commons were at all too strong to apply to a resolution such as that.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 20054

Some disappointment was expressed as to the achievement of the one year and nine months' operation. That is not a long period and never could give a fair trial to any system. Surely a man of the intelligence of my honourable friend knows that. The cardinal principle of operation free from Government influence could not be tested within that time. There could be a return for only one complete year. But the principle was thrown aside. This much, though, was accomplished: a scale of precipitate indebtedness was reversed. For nine years, according to the report, in respect of annual obligations, apart entirely from obligations to the Government, we had been running behind at the rate of $50,000,000 a year, and for new capital expenditures we had run into debt to the extent of another $50,000,000. We did not get rid of all the $50,000,000 deficit in operation, though we got rid of some; but we did get rid of the whole $50,000,000 for new capital expenditures. The retirements in that year and nine months were greater than the increased capital investment.

I now assess responsibility for the mire we are in with respect to our National Railways. We had nine years of a railway orgy under Sir Henry Thornton; nine years of a railway debauch, during which we went into debt at a rate exceeding $100,000,000 a year. Yet we wonder at our railway problem!

Hon. Mr. CASGRAIN: And the Canadian Pacific, too.

Right Hon. Mr. MEIGHEN: The Canadian Pacific, pleading by way of excuse, perhaps by way of valid reason, that it had to follow the example set, had done so and suffered some of the consequences. No wonder it cannot pay dividends. Possibly it had to follow; I am not a railway man and do not know. But I do know who set the pace, who acquired roads that were worthless, who built hotels that have had to be closed for years, who built boats that had to be tied up at docks, who made the National Railways a virtual appendage of the Liberal party. I can name him now. I have told him so to his face. There lies the responsibility for our position. Increase capital charges against a system to that gigantic extent, and unless it is an industry on the ascent in the commercial world, growing in importance and in consequence, that industry is sure to be sunk. And the railway industry is not on the ascent; it is on the road down.

Someone said we cannot possibly have amalgamation because it would eliminate competition. I do not know that we can have amalgamation but I know we never should have needed it nor anything similar if we had taken the right course. However, we need never fear lack of competition. All railways to-day have competition, the like of which they have not known for a hundred years. Railways in every country have competition. They know now what competition is. They are not the commercial aristocrats they were twenty-five or thirty years ago. They have now to cater to the public as other business concerns in competition with one another have had to cater all through the decades. The railways have competition of motor trucks and buses, they have still the old competition of the lakes, and now they have the latest competition of air services. The railways will never lack competition. That is not what they are suffering from. They are suffering from a contraction of the business they can do, owing to the competition to which I have referred. The National Railways system is suffering as well from a multiplication of liabilities because of attachment to Government. The Government in office to-day is the Government that did the attaching just two years ago;—

Some Hon. SENATORS: Hear, hear.

Right Hon. Mr. MEIGHEN: —and the man chiefly responsible is the Minister of Railways.

Now let me examine the defence made by my honourable friend opposite. Apparently the leader of the Government in this House does not feel we have any very heavy or forbidding railway problem. He is not at all afraid of it to-day.

Hon. Mr. DANDURAND: I should like it to improve.

Right Hon. Mr. MEIGHEN: Yes; I do not doubt he would like it to improve. I wish he would tell us what he is doing to improve it. We have no figures from him. I know where the system was two years ago: we had all the figures then. I know at that time we were running behind somewhat less than $1,000,000 a week. We had reduced the annual deficit by $2,000,000 or $3,000,000. With that reduction the present Minister of Railways proclaimed himself wholly dissatisfied. He ridiculed such reductions as had been made in connection with the merchant marine and other services as detailed by Mr. Fullerton. Those reductions did not satisfy him at all. There was a $48,000,000 deficit to be got rid of, and he was going to amend the Act to accomplish this. Have we had a report on how much of that has been got rid of? Up to last year we had a straight four years of operation since the Act went into effect in 1933. We had the benefit of the accelerated business era. We are on the down-grade now, but up to 1937 we had had very good




I 20055

years. I should like to know the operating results to the end of 1937. The Minister of Railways was not satisfied with a reduction of $2,000,000 or so in the annual deficit and the clear wiping out of all new capital expenditures. He was going to get into the saddle and do things, and do them soon. Has he done anything under his amending Act? I cannot get any figures. I do not get any from the leader of the Government. I have not heard anything of the results for 1937. They may be somewhat better. They ought to be a great deal better, for 1937 is the best year we have had since 1928. But I venture to suggest that when they do come down they will be a disappointment to this House. I do not believe they will be satisfactory. I do believe they will show the great bulk, if not all, of the deficit of 1935 continued. If that is not a problem, then I know not how to measure one.

The honourable senator from Montarville (Hon. Mr. Beaubien), who introduced this motion, in one of the best speeches I have heard in either House in many a day, told us that taxes are the very essence of the difficulties that we hear about from hour to hour and from day to day. And they are. It is for that reason we have unemployment. The load of taxation keeps down the activity of business; it presses on us so heavily that business cannot expand; and if business cannot expand it cannot take on more labour. It is only by expansion of business and production that we can ever reduce the volume of our unemployment. Taxation is the burden that prevents that expansion. Only the day before yesterday I met in the hall of this building one of the leading men in a great industry in our province, an industry of first magnitude, carrying on business in many countries of the world. I know of no industry better or more unselfishly managed; I know of none where labour is happier. He told me the management were discouraged. They had given their lives to the expansion of the enterprise; they had given everything. "But," he said, "last year we paid $3 in taxation for every dollar we could pay our shareholders, and for the three years previous we paid $300,000 in taxation although our shareholders lost $100,000." I find now the management are buying some small Government annuities. Their courage for expansion and for more employment has gone, crushed out of them by the burden of taxation. And the main element in this burden of taxes is still our National Railways. It is a tremendous problem. If we are satisfied with the pace we are going to-day, well, I know business is not satisfied, and I know no man out of employment, if he is intelligent, can be satisfied, for it is one of the causes of his being where he is to-day.

I come back now to the Senate resolution of 1925, so frequently referred to by the honourable member from Montarville. I was not a party to that resolution. I was in the other House at the time and I think I commented somewhat severely on it there. I have not changed my views in the interim. I do not think we ever could operate on the basis of that resolution. I do not see how the members of the Senate committee then thought the railways could operate under it. The resolution provides that there shall be joint operation under a board, five of the members to be selected by one system, five by the other, and five by those ten. I do not think it is an unwise suggestion. I think the suggestion is worth consideration as a method of securing a unified directorate, if unified operation is decided on. But the other terms of the resolution seem to me utterly impossible.

Right Hon. Mr. GRAHAM: And so was that one, utterly impracticable.

Right Hon. Mr. MEIGHEN: I am not so certain of that, but I do not intend to discuss it, for the resolution as a whole could not possibly be adopted. My honourable friend opposite was a member of the Senate committee. The resolution provided that the Canadian Pacific should be guaranteed an agreed dividend on its stock. I do not see how that could have been wisely recommended even in 1925.

Hon. Mr. DANDURAND: The Canadian Pacific was earning ten per cent on its common stock at that time.

Right Hon. Mr. MEIGHEN: Then after the Canadian Pacific was paid all interest on its bonds, presumably on its preferred stock and also on its common stock, whatever was left should be applied on a valuation, to be fixed by the Government, of the Canadian National, based upon the earning capacity of the road. I am afraid not very much consideration was given to that resolution. My honourable friend has become much more thorough in his findings in the years that have intervened. Imagine unified operation with the cream all going to the one system! If there was anything left after the bonds and stock of the privately-owned system were taken care of, the other system would get it. I do ont think my words in the Commons were at all too strong to apply to a resolution such as that.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120056

But the main essence of the findings was that there would have to be unified operation some day. I must confess I am not sure there will have to be unified operation. I have lost a lot of confidence in Government operation from practical experience of it.

Hon. Mr. CASGRAIN: Hear, hear.

Right Hon. Mr. MEIGHEN: I do not know why it should be so. There is nobody in the Dominion who should be more disappointed than I am.

Hon. Mr. CASGRAIN: That is right.

Right Hon. Mr. MEIGHEN: In England it is possible to have virtually unified operation. There they have a healthy public opinion. They have four railway systems, it is true, but the legislation under which those four system operate brings about virtual unification as we seek to get it here. I should like to get by unification something just like what they have achieved in England.

Hon. Mr. CASGRAIN: That is right.

Right Hon. Mr. MEIGHEN: But it all rests upon a certain measure of capacity of governments to keep away from undue interference.

Hon. Mr. CASGRAIN: Hear, hear.

Right Hon. Mr. MEIGHEN: They have such freedom from interference in England. We cannot get it in Canada. We struggled to get it. For that purpose we put a certain plan into operation, but it was no sooner in than it was changed by our successors. Such has been our experience from the very birth of the problem to this hour. I have for my part given up hope that you can do anything so long as you are going to have these alternate Governments, each smashing everything done by its predecessor—so long as you are going to have a return of government interference after each election—so long as you are going to have sectional appeals to the employees of the railways against a political party because it would dare even to consider anything in the nature of unified management. In England there was never such care taken of other employees as was taken of railway employees when its railway legislation was enacted. Never in any branch of industry has it been possible to show more concern for the workers. The Government took care that, no matter what happened, no employee should suffer. Whether his position was changed or he was reduced in salary, he got compensation. In every phase of the settlement the first man looked after was the employee. Nevertheless the four great railway systems have made gains and savings amounting to millions of pounds. As a result of the legislation the hundreds of railways were saved from bankruptcy, with losses which would have run into millions of pounds. Those railways have been put on a paying basis with a good return to their shareholders. That has not been done at the expense of labour, for the employees have been protected at every stage. We could do something similar in Canada if we had the same healthiness of public opinion and the same character of political appeal that they have in the old land; but we have not. If we continue the way we are doing now we shall come to something worse than unification—to something such as other countries and our provinces have come to. We cannot continue on this path.

I appeal to my honourable friend to join me in this. I hope the Senate will abandon the findings of 1925 and address itself again to the task of finding something practical and applicable, and that at least will help. I am not going to try to drive the Government into something which it is afraid will defeat it. In my heart of hearts I do not believe there is any reason in the world why it has resisted unification but fear of defeat. That would affect any Government. There is none so virtuous as to be prepared to accept defeat as the price of service. But surely we can do something to improve what exists to-day. If the returns for 1937 are up to the expectations which were advanced two years ago, very well; but I am certain they will disappoint us. If we get the same sad story, surely we can do something to help pave the way so that next session we can place on the Statute Book a law which will be an improvement on the present position.

You ask me if I am in favour of unification. I should like to think public opinion was such that it could be done, and after it was done there would not be those selfish, vile appeals to class prejudice which always seem to follow in Canada. If we had reasonable appeals and reasonable statements of fact at election time, there is not an employee of the National Railways or any other railway who would have any fear of unification. But I know we shall not have reasonable appeals, and I can see grave danger in the direction of unification when that unification is to be accompanied by a tremendous organization as an engine to defeat and destroy a political party. It should not be so, but it will be in Canada.

I ask my honourable friend to bring down at the earliest date the returns of actual results for the past year and, if he can, the results of this year—which will be a great deal worse. My honourable friend says we





120057

are moving out of the depression. The last time those words could have been used was six months ago. Since then we have been moving back down the disastrous trail. The unemployment figures given are six months old, or older than that. If we had figures up to date we should see no bright star, and we shall not until some assurance is given, not only in this country but also in a country near us, that a person can expand his business without being regarded as a public enemy.

But my point is this. We must not think things are all right because employment returns were getting better seven or eight months ago. The problem is a big one, it is right on our backs, and it will not be overcome as soon as a committee of this House is appointed, even though that committee may do its utmost to improve the situation.

Hon. F. B. BLACK: Honourable senators, after the brilliant speeches made by the two leaders of this House, I do not intend to venture any very extended remarks on the railway question. It is admitted by everybody that this is an extremely serious question, one which affects the whole economic life of Canada, and that unless some relief can be obtained from taxation we are headed, as has been said by the right honourable leader on this side (Right Hon. Mr. Meighen), in the same direction that some of our provinces have gone. We are coming to the point where the whole financial structure of Canada will be in the mud. In other words, if we continue our process of creating debt we shall have to go into bankruptcy.

The remarks of the honourable leader of the House (Hon. Mr. Dandurand) led me to believe that he would like to see this whole question considered more fully by the Senate, possibly in committee. In 1925, thirteen years ago, we had a special committee on the subject of railways. The committee sat behind closed doors, and the evidence taken was not published. The information obtained was extremely valuable, and its use in successive years would have done much to prevent the enormous railway debt which has been accumulated. I gathered from the remarks of the honourable leader opposite that he would welcome something in the nature of an investigation which might lead us to recommend, not amalgamation, not unification, but some method of joint management whereby this enormous annual deficit could be gradually reduced.

Honourable members of this Chamber do not believe that by one immediate act we can cut off $60,000,000 or $75,000,000 of expenditure, but we do believe that over a period of years it can be done. That such a thing was possible was very clearly set forth before the committee in 1925 by the heads of both the railways, and by other experts on traffic problems, who mentioned definite amounts which could be saved. I do not believe that any committee of this House which conducts its investigations along party lines will get anywhere, but it seems to me that this railway problem is one question which is large enough to bring both parties in this country together. From what I have observed of the actions of honourable members of this House since coming here, I am perfectly satisfied that they can so divest themselves of party spirit, of party antagonism or party loyalty—call it what they will—as to consider without bias the welfare of this country and the necessity of some action towards economy. I believe that they may be able to recommend to Government some solution of this railway problem which would bring about the salvation of the country.

The right honourable the leader on this side of the House (Right Hon. Mr. Meighen) stressed very strongly, and properly so, the situation which confronted Great Britain and the solution that was reached. He particularly called attention to a most important fact, namely, that not one railway employee in that country, from the highest to the lowest, suffered by the conversion of about one hundred lines into four lines. It is true that that sort of thing cannot be done in a year, or in two or three years. Through process of time there is a gradual elimination of employees. Death, advancing years, retirement, and the movement from one sphere of activity to another all take their toll. The result is that in most businesses, especially those employing large numbers of men, there is an almost complete change in personnel every ten years. I shall give you an example of that, because I do not want you to think I am exaggerating. I am interested in a business that has about 600 or 680 employees. In this business we find that there is an average change in personnel of about 10 per cent a year.

Now let us suppose, in connection with the railways, that about ten per cent of the employees drop out each year, that another ten or fifteen per cent reach a pensionable age, and that another percentage desire to change their employment. In that process the surplus will be very quickly eliminated. I do not think it would take more than three, or at the most four years, to take care of all employees who might at first be superfluous if the railways were organized in such a way as to eliminate duplication of employment.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120058

During those three or four years the employees eliminated would have to be taken care of. The means of doing that has been well demonstrated in Great Britain.

I am going to suggest for the consideration of this House the advisability of appointing a special committee to consider this railway problem—a committee which will have power to bring before it experts on traffic problems, and which, if it is unable to report this year, will be continued to the beginning of next session. This committee should be composed of the best minds of this House. It should consist of members who will give the subject before them impartial and thorough consideration, who will entirely disregard all party benefit or party injury, and whose only concern will be the reduction of taxation and debt, the improvement of our economic situation, and the welfare of Canada. With that end in view, I submit to this House the following amendment:

That all the words after "That" in the first line of the resolution proposed by the honourable senator from Montarville be stricken out, and that there be substituted therefor the words: "a committee of the Senate be appointed to inquire into and report upon the best means to relieve the country from the extremely serious railway expenditure, with power to send for persons, papers and records."

In moving this resolution I do not like to take upon myself the responsibility of even suggesting who should be the members of the committee. If such a committee is to be formed—and I hope it will be, because I believe some real good may come out of it—I think the leaders on both sides of the House might suggest the names of those who are to be its members. I have pleasure, therefore, honourable senators, in moving this amendment to the resolution now under discussion.

The Hon. the SPEAKER: Is it your pleasure, honourable members, to adopt the amendment?

Hon. Mr. MURDOCK: I would ask whether an amendment can be made to a motion of this kind?

Right Hon. Mr. MEIGHEN: Why not?

Hon. Mr. CASGRAIN: Any member can move any resolution he likes. If we do not like it we can throw it out.

Hon. Mr. BEAUBIEN: An amendment can be made to a motion.

Hon. Mr. MURDOCK: I am not taking exception to the amendment. I am just asking the question.

Right Hon. Mr. MEIGHEN: I do not know of any reason why this motion is not amendable, like any other.

Hon. Mr. CASGRAIN: It is a resolution.

Right Hon. Mr. GRAHAM: May I ask a question? Is it not a mistake to confine the inquiry to expenditure? As a matter of fact, the size of the expenditure might not be a serious matter. If the business of the railways increased, the expenditure also would of necessity have to be increased from a business standpoint. I think the wording of the resolution should be carefully looked into.

Hon. Mr. DANDURAND: I would suggest that the honourable gentleman (Hon. Mr. Black) postpone his amendment till the next sitting, so that we may see what form is best to cover what he intends to cover.

Hon. Mr. BLACK: I have no objection whatever to that suggestion. The amendment was drawn in such a way as to make it as brief and as broad as possible. The word "expenditure" certainly covers the expenditure of the railway. However, with the leave of my seconder, I am quite ready to have this regarded as a notice that I propose to move an amendment at the next sitting. Then we shall have time to consider more carefully the wording of the amendment.

Right Hon. Mr. MEIGHEN: The amendment is in exactly the same words as the motion of Honourable Senator David in 1925, with the single exception that the adjective before the word "expenditure" is "extremely serious" instead of "ruinous." This is a great tribute to the moderation of my honourable friend (Hon. Mr. Black).

Hon. Mr. DANDURAND: I should like to examine into the form of the amendment, because I think the committee, in order to carry out the wish expressed by Parliament in the Act of 1933, might well inquire into what is going on. I am not quite sure the amendment as proposed would cover that. If my honourable friend will simply treat this as a notice of motion we shall have time to consider the extent of the mandate to be given to the committee.

Hon. Mr. BLACK: I shall be very glad indeed to do what has been suggested, because unless we have harmony in our endeavour to secure an inquiry we shall not get anywhere with the inquiry itself.

The Hon. the SPEAKER: Has the honourable member (Hon. Mr. Black) leave to withdraw his amendment?

The proposed amendment was withdrawn.

Hon. Mr. BLACK: I move the adjournment of the debate until Tuesday next.

The motion was agreed to.

The Senate adjourned until to-morrow at 3 p.m.

OTTAWA: Printed by J. O. PATENAUDE, I.S.O., Printer to the King's Most Excellent Majesty, 1938.

Blank Page

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

# Unemployment Linked To Rail Deficits In Canada

## Meighen Makes Unification Plea

### Tory Senator Contends Tax Burden Is Keeping Business From Expanding, With Consequent Curtailment in Production and Work

### Directs Criticism at Dunning

### System Under Which Railways in Britain Co-operate Recommended for Canada; Safeguards for Employes Stressed in Speech

By NORMAN MacLEOD
Ottawa Bureau of The Windsor Daily Star

OTTAWA, March 10.—Climaxing what federal circles regard as the most forthright and authoritative presentation of Canada's railway problem to Parliament for many sessions, Right Hon. Arthur Meighen told the Senate yesterday that unemployment figures in Canada will not improve "until some assurance is given, not only in this country, but also in another country near us, that it is going to be possible to expand in business without being regarded as a public enemy."

#### Deficits and Jobs

THE CONSERVATIVE leader in the Upper House linked the railway deficits, which the treasury has had over the past score of years to a total of hundreds of millions of dollars, to the taxation and unemployment situation which the Dominion is facing today and declared:

**"Business is not satisfied (with the railway burden) and I know no man out of employment, if he is intelligent, will be satisfied, for it is one of the causes of his being where he is today."**

While confessing that "I have lost a lot of confidence in government operation from practical experience of it," the Conservative Senate leader pleaded for unification and cited England's successful experience with it. No workers had ever been more generously dealt with, he declared, than the transport workers in Great Britain whom unification had affected. Yet in spite of the far-reaching provision that had been made for them, hundreds of millions of dollars had been saved by the policy.

"I should like to get by unification," Mr. Meighen declared, "something just like they have achieved in England. If we continue the way we are doing now we shall come to something worse than unification, to something like other countries and our provinces have come to. We cannot continue in this path."

#### Beaubien Motion

Mr. Meighen was speaking on the motion introduced some weeks ago in the Senate by Hon. C. P. Beaubien to have a special committee of the Upper House consider the country's railway problem. While not averse to naming a committee, the Conservative leader saw little reason to expect that it would do much good. In his view the great mistake that had been made with respect to the railway situation was the repeal of the co-operate legislation following the report of the late Duff Commission, which had been scrapped by the present administration allegedly for purposes of political power and patronage.

**"If my information is within 50 per cent. of being correct," the Conservative Senate leader declared, "we have a restoration of political patronage on a scale never known before."**

He dealt vigorously and without gloves—except that he named no name—in ascribing responsibility for the growth of the railway problem to its present proportions.

"I know," he declared strongly, "who acquired roads that were worthless; I know who built hotels that have had to be closed for years; I know who built boats that had to be tied up at docks; I know who made the National Railways a virtual appendage of the Liberal Party. I can name him now. I told him so to his face."

During the greater part of the period to which Mr. Meighen was referring Hon. Charles A. Dunning, present minister of finance, who yesterday was the champion of sound finance against Social Credit in the House of Commons, was minister of railways.

#### Text of Speech

The text of Mr. Meighen's speech follows:

"The main principle of the Duff Commission report was that the administration of this road should be removed from governmental influences altogether, and to achieve that result the commission recommended that if the report were implemented by legislation the management of the road should no longer be answerable to governments, but to Parliament.

"As soon as possible the following session the report of that commission took the form of legislation under the Canadian National-Canadian Pacific Act, supported by both Houses of Parliament. The report was implemented to the letter from its first line to its last.

"After one year and nine months of operation the government, of which my honorable friend (Mr. Dandurand) is a member, repealed that legislation in its chief feature, restored the supremacy of government, took away the supremacy of Parliament, and did so because of or following language of its minister of railways, that he was not going to see the National railways run without the influence of government as it might destroy his political life.

#### "Report Is in Ashes"

"That commission's report today is in ashes as to its main, central, cardinal feature. We have today a return of governmental operation directly under the minister of railways, and if my information is within 50 per cent. of being correct, we have a restoration of political patronage on a scale never known before.

**"Some disappointment was expressed as to the achievement of the one year and nine months operation. That is not a long period. It never would give a fair trial to any system. There could only have been the return for one complete year. But it was thrown aside.**

"This, though, was accomplished: a scale of precipitate indebtedness was reversed. For nine years, according to the report, we ran behind in the taking care of annual obligations, outside entirely of obligations to the government, at the rate of $50,000,000 a year, and we ran in debt besides $50,000,000 more for new capital expenditure. We did not get rid of the $50,000,000 we were running behind in operation, but we did get rid of the whole $50,000,000 of new capital expenditure. The retirements in that year and nine months were greater than the increased capital investment.

#### Places Responsibility

"I assess now responsibility for the mire we are in with respect to our National railways. We had nine years of a railway orgy under Sir Henry Thornton. We had nine years of railway debauch, during which years we went into debt at the rate of over $100,000,000 a year. And then we wonder at our railway problem."

Senator Casgrain: "And the Canadian Pacific, too."

Senator Meighen: "The Canadian Pacific, pleading by way of excuse, perhaps by way of valid reason, I know not, they had to do it because of the example set them, they followed its pursuit and suffered some of the consequences. That is correct. No wonder they cannot pay dividends. Possibly they had to follow—I do not know, I am not a railway man—but I know who set the pace; I know who acquired roads that were worthless; I know who built hotels that have had to be closed for years; I know who built boats that had to be tied up at docks; I know who made the National railways a virtual appendage of the Liberal Party. I can name him now. I told him so to his face. There lies the responsibility for our position.

**"Some one said we cannot possibly have amalgamation because it would eliminate competition. I do not know that we can have amalgamation, but we never would have needed it or anything similar if we had taken the right course. But we need never fear lack of competition. All railways today have competition the like of which they have not known for one hundred years.**

"The railways have competition of motor trucks and buses; they have the old competition of the lakes, and now they have competition of the air services. The railways will never lack competition. That is not what they are suffering from. They are suffering from a contraction of the business they can do, owing to the competition to which I have referred. The National railways system is suffering as well from multiplication of liabilities because of attachment to government. The government in office today is the government that did the attaching just two years ago."

Some honorable senators: "Hear, hear."

Senator Meighen: "And the man chiefly responsible is the minister of railways.

"Now let me examine the defense made by my honorable friend opposite. I know where the system was two years ago; we had all the figures then. I know at that time we were running behind something less than $1,000,000 a week. We had reduced the annual deficit by $2,000,000 or $3,000,000; very little. With that reduction the present minister of railways proclaimed himself wholly dissatisfied. He was going to get into the saddle and do things, and do them soon. Has he got anything done under his amending act? I cannot get any figures. I do not get any from the leader of the government. I have not heard anything of the results for 1937. They may be somewhat better. They ought to be a great deal better, for 1937 is the best year we have had since 1928. But I venture to suggest when they do come they will be a disappointment to this House.

#### Taxes and Unemployment

"The honorable senator from Montarville (Beaubien) who introduced this motion is one of the best speeches I have heard in either House in many a day, told us that taxes are the very essence of the difficulties that we bear about from hour to hour and day to day. And they are. That is the reason we have unemployment.

**"The load of taxation keeps down the activity of business. The load of taxation presses on us so heavily that it cannot expand, and if business cannot expand it cannot take on more later. It is only by expansion of business and production that we can ever reduce the volume of our unemployment. Taxation is the burden that prevents that expansion.**

"Only the day before yesterday I met in the hall of this building one of the leading men in a great industry in our province, an industry of certain magnitude, carrying on business in many countries of the world. I know of none better managed; I know of none more unselfishly managed; I know of none where labor is happier. He told me the management were discouraged. They had given their lives to the expansion of that enterprise; they have given everything. 'But,' he said, 'last year we paid $3 in taxation for every dollar we could pay our shareholders; and for the three years before we paid $300,000 in taxation although our shareholders lost $100,000. I find now the management is buying some small government annuities.'

#### Losing Courage

"Their courage for expansion and for more employment has gone. It is being crushed out of them out of the burden of taxation. And the main element in our burden of taxes is still our national railways.

"I say it is a tremendous problem. If we are satisfied with the pace we are going today, well, I know business is not satisfied, and I know no man out of employment, if he is intelligent, will be satisfied, for it is one of the causes of his being where he is today.

"I come back now to the resolution of 1925, so frequently referred to by the honorable representative for Montarville. I was not a party to that resolution. I was in the other House at the time and I think I commented somewhat severely on it there. I have not changed my views in the interim. I do not think we ever could operate on the basis of that resolution.

"I do not see how the members of the committee then thought they could operate under it. The resolution provides that there shall be a joint operation under a joint board, five of the members selected by one system, five by the other and five by those 10. I do not think it is an unwise suggestion. I think it is worth consideration as a method of a unified directorate, if unified operation is decided on. But the other terms of the resolution seem to me utterly impossible.

"After the Canadian Pacific was paid all interest on its bonds—presumably on its preferred stock and then on its common stock—whatever was left should be applied on the valuation to be fixed by the government upon the Canadian National, based upon the earning capacity of the road.

#### One to Get "Cream"

**"Imagine unified operation with the cream all going to the one system, and if there was anything left the other system would get it after the bonds and stock of the privately-owned system were taken care of. I do not think my words in the Commons were at all to strong to apply to a resolution such as that.**

"But the main essence of the findings was there would have to be unified operation some day. I must confess I am not sure there will have to be unified operation. I have lost a lot of confidence in government operation from practical experience of it.

Senator Casgrain: "Hear, hear."

Senator Meighen: "I do not know why it should be so. There is nobody in the Dominion who should be more disappointed than I am.

Senator Casgrain: "That is right."

#### System in England

Senator Meighen: "In England it is possible to have virtually unified operation. There they have a healthy public opinion. They have four railway systems, it is true, but the legislation under which those four systems operate brings about virtual unification as we seek to get it. I should like to get by unification something just like they have achieved in England."

Senator Casgrain: "That is right."

Senator Meighen: "But it all rests upon a certain measure of capacity of government to keep away from undue interference."

Senator Casgrain: "Hear, hear."

Senator Meighen: "They have that in England. We cannot get it in Canada. We struggled to get it. We put it in operation for a time but it was no sooner in than it was changed. That has been our experience from the very birth of the problem to this hour. I have for my part given up hope that you can do anything so long as you are going to have these alternative governments smashing everything that has been done by the preceding government. So long as you are going to have a return of government interference after each election, so long you are going to have sectional appeals to the employes of the railways against a party because it would even dare to consider anything in the nature of unified management.

#### Care of Employes

"Why, in England, when the railway legislation was enacted, there never was such care taken of employes of any industry as was taken of the railway employes. Never in any other branch of industry has it been possible to show such concern for the workers the government took care, no matter what happened, that no employe should suffer. No matter whether his position was changed or he was reduced in salary, he got compensation. In every sphere of the settlement the first man looked after was the employe. Nevertheless the railways made gains and savings in millions of pounds. As a result of the legislation the railways were saved from bankruptcy, with losses which would have run into millions of pounds. These railways have been put on a paying basis with a good return to their shareholders.

"That has not been done at the expense of labor; the employes have been protected at every stage. We could do something similar in Canada if we had the same healthiness of public opinion and the same character of political appeal that they have in the Old Land; but we have not it. If we continue the way we are doing now we shall come to something worse than unification, to something like other countries and our provinces have come to. We cannot continue on this path.

**"I make this appeal to my honorable friend to join me in this. I hope the Senate will abandon the findings of 1925, and will adjust itself again to the task of finding something that will be practical and applicable, and that at least will help.**

#### Sees Fear of Defeat

"I am not going to try to drive the government into something which they are afraid will defeat them, for in my heart of hearts I do not believe there is any other reason in the world why they resisted unification except fear of defeat. That will affect any government. There is none so virtuous as to be prepared to accept defeat as the price of service. But surely we can do something to improve what exists today. If we get returns for 1937 that are up to expectations which were advanced two years ago, very well, but I am certain they will disappoint us. If we get the same sad story, surely we can do something to help to pave the way so that next session we can place on the statute books a law that will be an improvement on the present position.

"You ask me if I am in favor of unification. I should like to think we had public opinion so it could be done, and after it was done there would not be those selfish vile appeals to class which always seem to follow in Canada. If we had reasonable appeals at election time and reasonable statement of facts, there is not an employe of the National railways or any other railway who would have any fear of unification. But I know we shall not have that reasonable appeal, and I can see grave danger in the direction of unification when that unification is to be accompanied by a tremendous organization as an engine to defeat and destroy a political party. It should not be so, but it will be in Canada.

"I ask my honorable friend at the earliest date to bring the returns down of the actual results for the year 1937, and, if he can, the results of this year, for they are going to be a great deal worse.

#### Alleges Recession

"My honorable friend says we are moving out of the depression. He is talking just six months behind. That is the last time those words could have been used. We have been moving back down the disastrous trail for six months. The unemployment figures given are six months old, or more than that. If we had them up to date they would be no bright star, and they are not going to be until some assurance is given, not only in this country but in another country near us, that it is going to be possible to expand in business without being regarded as a public enemy.

"But my point is that we must not think things are all right because employment returns were getting better seven or eight months ago.

"The problem is a big one; it is right on our backs; and it is not going to be solved the minute a committee of this House is appointed, even though that committee does its utmost to improve the situation."

#### CONDEMN ORNAMENTS

Sharp ornaments on automobiles have been condemned by the Pan-American Medical Association.

## Fascists Meet In Basements

### Organizer Claims Party Has 12,000 Followers in This Province

TORONTO, March 10.—The Fascist organization in Ontario has 12,000 members, all but 3,000 of them in Toronto, said Joseph C. Farr, organizer and chairman of the Canadian Nationalist Party, yesterday following a preliminary organization tour of the province.

Farr, 38, and Irish born, said he believed Jewish financiers were behind all Communist agitation.

"I have nothing against the Jew individually, but I am against them collectively," he said.

Ontario membership in the Canadian Nationalist Party was made up of lawyers, doctors and business men, the majority between 18 and 35 years old, Farr said. They pay a subscription to the party of 25 cents monthly.

Farr also holds the position of chairman of the council of the Nationalist Social Christian Party, headed by Adrien Arcand, of Montreal.

Without headquarters, members of the Nationalist party hold meetings privately in the basements of private homes. Farr said they hoped to hold a public meeting shortly.

## *Paintings Found Damaged Slightly*

OTTAWA, March 10.—Director Eric Brown of the National Gallery of Canada said no damage of any consequence, not enough to make a claim for insurance, had been done to paintings recently loaned to Smith's Falls Art Association but now returned to the gallery.

A Smith's Falls despatch said the art association had offered a reward for information leading to the finding of those responsible for the damage to the three pictures.

"One or two of the paintings had minor damages," said Mr. Brown. "This frequently happens when we loan pictures. It is of no consequence to us."

## Woman's Hair Found on Axe

### EVIDENCE AT TRIAL

### Munchuk Opens Second Fight for Life

ST. CATHARINES, March 10.—An axe found under steps at the rear of William Munchuk's home had gray hair, "longer than a man's," on the blunt end of it, Constable Thomas George of the St. Catharines police force testified yesterday in Munchuk's trial on a charge of murder.

Munchuk is charged with the murder of 66-year-old Mrs. Amy Seabright, a neighbor, June 8, 1936. He was found guilty and sentenced to be hanged last autumn but on appeal was granted a new trial. With his wife, Annie Munchuk, he previously had been tried for the murder of John Seabright, wife of Amy. Mrs. Munchuk was acquitted and Munchuk was sentenced to 20 years' imprisonment on a reduced charge of manslaughter.

A collection of four axes, a hammer and a shovel was produced yesterday before Mr. Justice J. A. Hope and an Ontario Supreme Court jury. Munchuk is alleged to have killed Mrs. Seabright with one of the axes after having fatally injured her husband in a similar manner. Mr. and Mrs. Seabright died during a quarrel with the Munchuks over a fence dividing the families' properties.

Evidence given in Munchuk's last trial by George O'Rorke, city policeman who died last month, was read into court records yesterday. O'Rorke had described finding three axes in the cellar of the Munchuk home. One axe with a long handle apparently had been wiped shortly before it was found, he had said. Another, found under a back step, had hair on the blunt end.

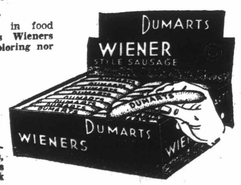
George told of arresting Munchuk at his home and also described the axe with hair on it, considerably smaller than the long-handled one, he said. The exhibits were identified by Inspector Duncan Brown of the city police force who took charge of them at the scene of the crime.

#### RUSH PLANE ENGINES

Manufacture of airplane engines is being pushed in Italy.


Once Tried....
YOU WILL INSIST ON—
DUMARTS
ANGOSTURA Flavored
WIENERS

- Flavored with ANGOSTURA— Delicious, distinctive flavor—used by famous chefs—recognized as the world's finest flavor. Exclusive to Dumarts.
- GOVERNMENT INSPECTED— Made from choice meats—all Government Inspected for your protection. Insist on Government Inspected Meats.
- FILTERED SMOKE— New modern process of smoking Wieners, removes smudge, soot and harsh irritants present in "raw" smoke—adds flavor—exclusive to Dumarts.
- WHOLESOME— Nourishing—high in food value. Dumarts Wieners contain neither coloring nor preservatives.
- IDENTIFIED— Every Dumarts Wiener carries Dumarts name—look for the name branding.




Once tried you will always insist on Dumarts, order by name "Dumarts Identified Wieners"—look for the name branding.

DUMARTS FINER QUALITY—AT NO EXTRA COST



USED by 100,000 Women in England
Jackson's NRG Bread Simplicity Diet
NOW AVAILABLE TO YOU!

*It's true* that over 100,000 women in England went on a bread-and-butter slimming diet; that the majority of those who obeyed the simple rules *reduced* their weights.

*It's true* that Jackson's introduced the bread-and-butter slimming diet in Canada by inviting 16 Hamilton women to follow the diet and eat Jackson's new NRG white loaf—the bread which Jackson's developed for this purpose.

*It's true* that every one of these 16 women lost weight in bust, hip and waist; that they felt better, and looked better.

*It's true* that Jackson's NRG Bread has ingredients scientifically blended in perfect proportion so as to be a weight-reducing factor.

FINALLY, *it's true*—that if YOU are overweight, Jackson's NRG Bread, eaten according to the simple rules of Jackson's Bread-and-Butter Simplicity Diet, WILL lose pounds for you—give you a slimmer, more youthful figure. You'll experience no discomfort—no weakness—no fatigue.

Every member of the family will enjoy this amazing and nutritious loaf—a bread that will maintain your energy at a high level and yet costs no more than ordinary bread.

Order this new, hearth-baked loaf from your Jackson salesman today. Ask him for folder giving full instructions on Jackson's Simplicity Diet. J338




CONFIDENCE REGAINED



It is common knowledge that overweight places a serious physical handicap on a woman, and indeed on a man also. Statistics provided by life insurance companies indicate that life expectancy is reduced, and that energy is lacking which would be available at the proper weight.

One of the principal benefits of Jackson's Bread-and-Butter Simplicity Diet, with NRG Bread, is psychological. With better figures and a knowledge of better health, women who have tested this diet find that they are happier than they were before. The dangerous feeling of self-pity is replaced by a new pride, self-confidence, and zest for living. Just as a woman realizes that she is again physically attractive, she gains confidence from the fact that she is liked by her friends and her family.

Betty Taylor

Introducing Jackson's NRG ENERGY BREAD

For Sale at All Leading Grocers

JACKSON'S PURITY BAKERY Limited
WINDSOR LEAMINGTON CHATHAM

## Britain Buys Most Of Canada's Fruit

OTTAWA, March 10.—The United Kingdom was Canada's best customer for fresh fruits during January with purchases worth $940,958 of a total of $1,016,567 exported, the Dominion Bureau of Statistics reported yesterday. Fresh apples formed the bulk of the exports with a value of $1,007,134, compared with $907,186 worth exported in the same month a year ago.

### 80 YEARS IN CHOIR

Charles Wills has completed 80 years as singer in the church choir in Bridge, England.

## Ex-M.P. in Bruce To Leave Farm

WALKERTON, March 10.—Walter Findlay, a well-known public figure of this district, who represented South Bruce in the House of commons from 1921 to 1925, during the days of the U. F. O. Government, has decided to retire from active farming and agricultural pursuits.

He has leared the homestead of 200 acres, situated on lot 14, concession 15, Brant Township, for a term of years to his neighbor, Richard Ostergoff.

### COFFEE SHORTAGE

Colombia has a coffee shortage.


A DAINTY WHITE TOILET SOAP . . .




. . . And LEAVES NO MEDICAL AFTER-ODOR

GET A CAKE FROM YOUR DRUGGIST

Trade-mark "Lysol" Registered in Canada


## Upside Down Writer Smart

### Chicago Inversionist Best Speller in His Fifth Grade Room

CHICAGO, March 10.—Frank Balek, 11, is out in front scholastically even if he does write upside down, backwards, and from bottom to top instead of from top to bottom.

Several years ago teachers at the Fulton elementary school despaired of the progress of Frank, an inversionist, but his principal, William R. Bowlin, disclosed yesterday that Frank is the best speller in his fifth grade room.

"He found his own way out of his difficulties," Bowlin said. "He originated a way of writing upside down. At the institute of juvenile research where we took him, they had never seen such development."

Frank used to read from right to left. Now he reads normally, but his writing is the reverse of everything normal. Clutching his pencil in his left hand he writes rapidly from right to left, beginning at the lower right hand corner. His words appear upside down to him but appear rightside up to anyone facing him.

Although his reading is normal he can also read when the printing is turned upside down.

Bowlin said Frank's intelligence quotient was 95.

## Outlines Rise In Milk Price

### Euler Shows Increase from $1.54 Per Cwt. to $2.19 in Five Years

OTTAWA, March 10.—Average price of fresh milk in 15 Canadian cities rose from $1.54 a hundredweight in 1933 to $2.19 in January this year, Trade Minister Euler said in the House of Commons yesterday answering a question by Liguori Lacomben, Liberal, Laval-Two Mountains.

Fresh milk delivered at railway stations in Montreal was priced at $142 a hundredweight in 1933 and increased each year to $2.20 in January this year. In Quebec city, the price rose from $1.38 in 1933 to $2.14 last January.

Mr. Euler said average price for first quality creamery butter in six Canadian cities in 1933 was 22.8 cents a pound wholesale and rose to 35.3 cents between 1933 and last January. Prices in Montreal rose from 23.3 cents in 1933 to 35.3 cents in January.

Total value of dairy products in Canada in 1933 was $170,828,667 and increased to $208,238,128 in 1936, the minister said.

### SHIP ELECTRIC RAZORS

Five hundred electric razors are being shipped from Switzerland to Brazil.


MAMMOTH FOOD VALUES FOR WEEK-END SHOPPERS

# OUELETTE MARKET

ONTARIO'S FINEST FOOD MARKET — Ouellette and Wyandotte

EXTRA LARGE Sweet Florida ORANGES 35c Value 21c DOZ.

FRESH TODAY DETROIT BLEND COFFEE Reg. 25c LB.... 19c

REAL NICE DOMESTIC COOKING APPLES Ontario Reds PECK 19c

FRESH SPANISH Salted Peanuts CASH and CARRY LB. 7 1/2c

Look what we've done to PRICES

Check Every Item — No Values in Windsor Like These

REAL GOOD ONTARIO POTATOES 90-lb. Sack 49c

CASH AND CARRY — NO DELIVERY

P.E.I. POTATOES THE BEST THAT MONEY CAN BUY 50-lb. Sack ..... 57c

PERRINS GOLDEN FIG BARS... 2 lbs. 25c
FRESH MIXED BISCUITS ..... 2 lbs. 25c
FRESH SODA BISCUITS ..... 1-lb. Bag 10c
BIG 2-lb. CTN. SALTED SODAS .. each 23c
CANNED ASPARAGUS SOUP 9c value ..... 2 Tins 9c
Denver Sandwich Choc. Bars Regular 5c ..... 3 for 10c
Kerr's Malted Milk Chocolates REG 25c ..... LB. 15c

BIG 2½ TIN OF SLICED PINEAPPLE 19c Value 2 tins 29c

ROSKO BRAND CORNED BEEF tin 10c

MAPLE BRAND SWEET PICKLES Large Jar 19c

Star Value — Sweet Santa Clara PRUNES Small Size But Nice 5 LBS. FOR 25c

CONDOR BRAND MUSTARD QUART SIZE JAR 15c

CANNED DESERT CHERRIES 8-OZ. TIN EXTRA SPECIAL 5c

ROTARY SOCKEYE SALMON DEEP RED HALVES TIN 13½c

SILVER R. SOCKEYE SALMON DEEP RED TALL TIN 22½c

Star Value — HAWES 6-OZ. BOTTLE 15c SIZE LEMON OIL WHILE IT LASTS 2 for 15c

SHOE STRING CANNED BEETS 10c Tin ..... 7½c

SHOE STRING CANNED CARROTS 10c Tin 7½c

THESE BEETS and CARROTS ARE IDEAL FOR SALADS

LUXURY PANCAKE SYRUP 16-oz. Bottle ..... 17c

Or 32-oz. Btl. for . . . 29c

FANCY QUALITY Tomato Juice JUMBO TIN 10c value .... 7½c No. 10 Tin Gallon size .... 32c

Finest Meats YOU CAN BUY

GUARANTEED BLUE RIBBON BEEF

SLICED CALVES LIVER lb. 19c

LEAN PORK SPARE RIBS lb. 14c Order Early

BLUE RIBBON ROUND STEAK lb. 19c
Blue Ribbon Round Steak Roast ..... lb. 19c

BLUE RIBBON SIRLOIN STEAK lb. 23c
Blue Ribbon Sirloin Roast ..... lb. 23c

BLUE RIBBON RUMP ROAST .. lb. 17c

BLUE RIBBON ROLLED RIBS lb. 22c
Every Pound Guaranteed Blue Ribbon

SUGAR CURED Corned Beef lb. 14c


# Tory King-Makers Are Busy in Ottawa

## Three Who Receive Most Attention on Parliament Hill Are General McRae, Hon. H. H. Stevens and Harold Daley

Continued From Page One, This Section

of the ill-fated Reconstruction Party in the 1935 election—and presumably the custodian of the 300,000 votes which that party polled and upon which all political parties are casting avid eyes as the time of another general election approaches.

Parliament Hill recognizes that these three individuals may very well play decisive roles in the drama of Conservative leadership that is now being enacted.

### ONE QUESTION

The question is largely the extent to which this influential triumvirate decides to make common cause in the present situation. They have all been closely together in the past. The part that General McRae has played is a matter of somewhat spectacular political history. Mr. Daley is perhaps less well-known to the public, but he occupied at one time in the councils of Conservatism in the capital, a position not dissimilar to that which the late widely-respected Alex Smith held in Liberal circles. And he is still the sort of figure with which political imaginations in the capital like to conjure. Finally, he has always been a close associate and confidant of Hon. "Harry" Stevens.

Unquestionably, these relationships of the past could mean much in the present situation if the parties concerned chose to revive them. The rumor around Parliament Hill, furthermore—it may or may not have any factual basis—is that the triumvirate is on the way to an understanding.

General McRae's quarrel with Mr. Bennett is a matter of common knowledge in federal circles, and while the retiring party chieftain referred to it in the conference of the past weekend in a vein commonly regarded as intended to conciliate the general, there are those who wonder if the former organiner might not be prepared to support a drive to place Hon. Harry Stevens in the party leadership as an appropriate measure of revenge. The suggestion is not seriously credited, however, largely because of the prevailing belief that under no circumstances is it possible for Mr. Stevens to capture the leadership. The debacle that he caused in the Conservative Party with his Reconstruction Party movement is too recent and of too fresh memory, it is considered, to be overlooked by the delegates to the forthcoming gathering.

### POSSIBILITY SEEN

What is regarded as a serious possibility, however, is that Messrs. McRae, Daley and Stevens might agree upon a Conservative leader who would look upon Mr. Stevens as his first lieutenant. Who would that leader be? Would it be Hon. W. D. Herridge? It is in connection with speculation such as the foregoing that the Washington reformer derives his principal importance as a contender at the forthcoming convention.

Undoubtedly Hon. Dr. R. J. Manion is the earliest aspirant in the field. In thus coming out in the open, he is regarded on Parliament Hill as having committed a tactical blunder which should disqualify him from any aspirations to direct Tory strategy. He has simply raised his head as the one to receive the clubs that were ready from numerous quarters for any aspirant. What will be done in the next few months to Dr. Manion and his Liberal past is something that conceivably should arouse the interest of the Humane Society; it can only be of incidental ultimate interest to Conservatives.

In the meantime, the situation on Parliament Hill is this: If anyone gets up and declares that Tim Buck is to become leader of the Conservative Party, it is not safe to argue with him. For nobody knows.

## Question Him

### Second Suspect Held in Smash and Grab Robbery

Raymond Lauzon, 34, of Tecumseh, was arrested this morning by Detective Sergeant Campbell and Detective Hill. He is being held at headquarters for questioning in connection with the robbery, early yesterday morning, of the Studebaker jewelry shop, 50 London street west, where watches, rings and other articles valued at more than $200 were taken from the display window.

Joseph Donoghue, 32, of 819 Assumption street, was arrested on the street near the store a short time after the store window was broken by a brick. Police say they found two rings and a wrist watch in his pockets.

## *Housing Problem Worrying Mayor*

Mayor Wigle told the board of control today that certain companies were notifying welfare tenants they will have to vacate when warmer weather arrives. He wondered whether another application should be made to the provincial government regarding higher rentals.

Con. Reaume recalled that Premier Hepburn had suggested that "paying tenants" now occupying city-owned houses should move elsewhere, so that welfare families could take over.

"There's some merit in that, too," said Con. Reaume.

In view of the housing situation, the matter is to receive further discussion in the near future.

## Assistant Posties

AUCKLAND, N. Z., March 10.—High school boys are being employed as assistant postmen during rush periods in Auckland, New Zealand, the lads accompanying the postmen on their routes and delivering mail on one side of the street while the postmen do so on the other.

## Board Agrees To Payment

### Bank Will Receive $11,448 Award for Reaume Property

### Holds Mortgage

### Was Used in Construction of Drouillard Road Subway

Board of control today decided to pay to the Provincial Bank of Canada the award of $11,448 which had been granted for the J. D. and Celeste Reaume property in connection with the construction of the Drouillard road subway. The bank holds a mortgage.

### WILL BE REGISTERED

On the advice of City Treasurer Cock, the property is to be registered and come into the city's possession. Mr. Cock felt that $1,600 should be deducted from the total sum as that amount had been proposed for removal of the residence which, he said, had not been moved.

However, Mayor Wigle pointed out that the $1,600 item had not been specified in the terms of the award, nor in the judgment of Judge Coughlin in setting the aggregate amount.

Representing the bank, J. E. McKeon declared that the bank's assignment had prior right over the arrears of taxes, which amounted to $4,497. Property Manager K. E. Shaw recently appraised the premises at Edna avenue and Drouillard road at $2,795.

Mr. McKeon stated that if the property were to remain on the tax roll, it would continue in the name of Reaume subject to the bank's mortgage, but the bank was not anxious to acquire it.

### BALANCE IN CASH

Less than half of the award is to be paid in debentures and the balance in cash, $2,500 already having been advanced from surplus funds. The matter has no bearing on civic estimates because the former City of East Windsor had established a special account to meet such awards.

Con. Reaume at first expressed the opinion that the property should remain on the tax roll.

"But we will have no difficulty in selling it," claimed Con. Cooper.

Con. Reaume: "We should not go into the selling business."

Con. Cooper: "We were offered $1,800 for a piece of property near this one not half the size and turned it down."

Con. Whyte wondered why the Reaume premises had not been registered before, and Con. Cooper explained that the issue over the award had delayed such action.

When Mr. Cock advised the board to register the property, Con. Reaume said he would acquiesce and change his former view that it should remain on the tax roll.

## Had Knife And "Billy"

### Cyril Jenkins Jailed for Threatening His Father-in-Law

### Gets Seven Days

### Charges Accuser With "Meddling in His Affairs"

Cyril Jenkins, of Sandwich West, will have a full week in the quiet atmosphere of the county jail to consider a more peaceful method of preventing his father-in-law from "meddling in his affairs," than that of threatening him with a butcher knife and a blackjack.

### APPEARS SURPRISED

In county police court Magistrate Hanrahan sentenced Jenkins to seven days when he found him guilty of the charge of "threatening bodily harm," laid by his father-in-law, Timothy Gray, also of Sandwich West.

Jenkins appeared surprised to learn that he was alleged to have made "passes" at his relative with the carving utensil and the blackjack. He admitted having threatened Mr. Gray with a "black stick which might have looked like a blackjack," but contended that it was the only weapon used.

"He's got it in for me because he thinks I tipped off the cops about his still," Jenkins suggested as a reason for his wife's parent's action in bringing him into court. "It cost him $100, but I didn't squeal. What do I care how much whisky he makes," he added.

Gray testified that Jenkins accosted him in the centre of the street and started waving at him with the knife and blackjack.

"He said he'd cut my guts out," stated the father-in-law.

### DENIES HE HAD TROUBLE

Although Gray denied he had had any trouble with Jenkins prior to the day of the alleged assault, the son-in-law insisted that his accuser had consistently interfered with his domestic life.

"We used to live together but my wife and I had to leave two months ago because he wouldn't leave us alone. He insisted on meddling with our affairs after we left his home so I tried to scare him with the stick," Jenkins maintained.

"You have never been in trouble before have you?" Cecil Croll, his counsel, asked Jenkins.

"Not of any importance," was the reply.

"You haven't any previous record?" emphasized Mr. Croll.

"Not to amount to anything," answered Jenkins.

### STILL NOT SURE

"You haven't any previous record," repeated Mr. Croll.

"No, I guess not," replied Jenkins.

Mr. Croll made an earnest plea on Jenkins' behalf asking that he be placed on suspended sentence.

"It is apparently one of those domestic wrangles. There were no injuries suffered," Mr. Croll pointed out. "Jenkins is of an excitable nature and such a characteristic and a knife prove a dangerous combination. I think it would be for his own good if he is shown that he can't use such a weapon," remarked Magistrate Hanrahan as he passed sentence.


HALT the Ravages of Premature Old Age



*The Unnecessary Devitalization of Premature Old Age May Be Avoided Through the Simple Use of Phyllosan*

All of us — especially those past forty — pay a high price for the high-tension lives we lead. The times we live in subject our bodies and our nervous systems to a constant, gruelling strain. Usually the strain doesn't begin to tell until late. Then, at the very age at which we should be able to begin to enjoy life to the full, devitalization begins to take its toll. First, a gradual loss of interest in work and leisure and those close to us — then growing discouragement — fatigue — "nerves". Every petty duty assumes the proportions of an overwhelming, impossible task . . . nothing any longer seems right . . . then growing irritability — loss of true companionship — fear of the future.

But, fortunately, you don't have to "just sit by" and feel yourself slipping out of the mainstream of life and activity — you don't have to submit to the ravages of premature old age. The experience of thousands of men and women shows that we can avoid unnecessary devitalization — and help win back vigour and stamina—through the simple use of PHYLLOSAN tablets.

*"The effect of Phyllosan tablets upon me is more gratifying than I can express — making a vast improvement in my appearance and giving me fresh life and energy. I feel and look years younger!"*

*"I have derived great benefit from the use of Phyllosan tablets. I feel much more vigorous and bright — and, apparently look it, because a woman who came to stay with me treated me almost as a person of 25 or 30. She could scarcely be brought to believe that I am forty-five."*

(Original letters can be inspected on application.)

Phyllosan (*pronounced Fill-O-San*) is the discovery of one of the world's foremost physicians, Dr. E. Buergi, Professor of Medicine at the University of Berne, Switzerland. It contains no habit-forming drugs, no stimulants. A product whose primary ingredient comes from purely natural sources, Phyllosan cooperates with the natural processes of your body to strengthen your nerves, enrich your blood, rebuild all your bodily energies. And the beneficial effects are not temporary but LASTING.

Phyllosan is so simple to take: Just two tiny tablets before meals. Take them regularly and the results will surprise you. Don't waste precious time, don't put off helping yourself to a happier, more vigorous life. Join the thousands of men and women who have, through the simple use of Phyllosan, won themselves buoyant energy and lasting vitality. Start taking Phyllosan tablets today!

*Buy* PHYLLOSAN *from your druggist . . . 85c. ($1.50 for double quantity).*

*Distributed by:*
McGILLIVRAY BROS., LTD., TORONTO

'PHYLLOSAN'
(PRONOUNCED FILL-O-SAN)
*The word 'Phyllosan' is a registered trade mark*

PHYLLOSAN TABLETS *help enrich your blood . . . strengthen your nerves . . . build up your reserves of vital power. Recommended by many physicians, especially to those past 40.*


## Chief Gives 1937 Report

### Shows Fifteen Killed in Windsor as Compared With 11 in 1936

CONTINUED FROM PAGE THREE THIS SECTION

persons were fingerprinted during the year, 125 at their own request. On file at headquarters now there are 36,355 sets of fingerprints and 5,895 photographs of known criminals.

A vandal tendency by certain elements of the community is indicated by the necessity of replacing 172 traffic signs that were either missing or damaged, early in the year.

### AUTO ACCIDENTS

Investigations of auto accidents require much time as complete reports must be made out by constables where death, injury or damage in excess of $50 result. There were 567 accidents reported during the year as compared with 536 in 1936. In 154 accidents no personal injury to those involved was reported but 143 were hurt in collisions and 205 were injured when struck by autos. There were 59 collisions between autos and bicycles and 13 between autos and street cars. There were 15 fatalities in auto accidents during the year as compared with 11 in 1936, twelve dying as the result of being struck by cars, two in collisions and one in an auto upset. The latter was Constable David Beckett, a member of the force.

Police cars during the year rolled up 369,598 total mileage and have now traveled 776,213 miles. The chief recommends that new autos be purchased annually.

During the year 1,648 licenses were issued through the department for various types of business. The revenue derived, $20,266.50, was turned over to the city treasury.

Chief Renaud concluded his report with a message of appreciation for the support accorded the department by the commission and others who contribute to an effective law enforcement agency.

## Seek Young Thugs

OTTAWA, March 10.—Police today sought two young thugs who attacked and robbed Mrs. Mary May, 80-year-old widow, in her home here, escaping with $25 in cash and some jewelry. Posing as telegraph messengers, the men entered the house and gagged and bound the aged woman.

### INVITE THRESHERS

SARNIA, March 10.—Sarnia Chamber of Commerce today extended an invitation to the Ontario Threshers Association, meeting in London, to hold their 1939 convention in the tunnel city.

# Lord Halifax Once Viceroy

## Had Narrow Escape as His Train Bombed in India

## Favors Germany

### Has Ultra Conservative Views; Contrasted to Anthony Eden

LONDON, Eng., March 10.—The new chief of the British foreign office, the Rt. Hon. Sir Edward Frederick Lindley Wood, Baron Irwin, Viscount Halifax, presents an amazing contrast to Capt. Anthony Eden, the man he succeeds.

**NEARLY ECLIPSED**

CAPTAIN EDEN, youthful man-of-action, captured the imagination of the British people by his handsome features, stylish dress, and by his flare for dramatic oratory.

Long leader of the ultra-conservative pro-German bloc in England, Halifax, as lord president of the cabinet council, was almost overshadowed by Eden's brilliance.

Tall, reedy and devoutly Catholic, Halifax enjoys the full support of Prime Minister Neville Chamberlain. Both are regarded as stiff Conservatives. Both favor making trade agreements with Germany and Italy.

Coming from Yorkshire's most important family, the new chief of the foreign department was educated at Eton and Oxford, and entered parliament in 1910. In 1921 he was named under-secretary for the colonies and later he became viceroy of India. He caused a sensation in 1936 when he told his peers that the "era of German grievances must be closed."

**SENT TO BERLIN**

It was not until three months ago that Halifax gained the public spotlight. Then, in connection with the Conservative party's policy of cooperation with Germany, he was sent by Chamberlain to Berlin to open negotiations with Hitler.

Secretary Eden, denouncing the trip, firmly stated his opposition toward dealings with "immoral" Fascistic nations. Recently, simultaneous with his resignation Captain Eden reaffirmed his convictions regarding Hitler and Mussolini.

"If we are to have peace in these times, it means that in any aggreements we make today there must be no sacrifice of principles and no shrinking of responsibilities merely to obtain quick results that may not be permanent," the embittered Eden spoke.

Britons, while still loyal to the "liberalism" of the retiring secretary, know that as a compromiser his successor has no peer. They hope that he will bridge the gap created by Eden's resignation and stabilize the nation's foreign relations.

**ESCAPED BOMB IN INDIA**

Halifax, at 57, has held the posts of president of the national board of education and minister of agriculture in addition to his colonial duties. While in India he escaped miraculously when a native threw a bomb under his train.

A keen huntsman, he was originally invited to Berlin by Gen. Hermann Wilhelm Goering, to inspect a Nazi hunting exhibition. While the whole world awaited with anxiety news of his chat with Hitler, he insisted on describing the mission as "a hunting and exploring trip."

After conferring with Hitler, Goering and Goebbels, Halifax returned to London, where reporters were not surprised to hear him say, "Now that the door has been opened, it will remain open."

# New Record

NEW YORK, March 10.—The Grace liner Santa Rosa was back from the West Indies today with a new record.

It docked with eight stowaways aboard.

Immigration authorities permitted the group, young Puerto Ricans between 15 and 23 years old, to debark after each produced a birth certificate and proved he was an American citizen.

# Sit-Downers Are Evicted

## PENN STATE PLANT

### Clubs and Tear Gas Used by Non-Strikers

HATBORO, Pa., March 10.—State police today patrolled the entrances to the Roberts and Mander stove factory, cleared of sit-down strikers by non-striking workmen armed with clubs and tear gas.

Inside the plant, officials sought to determine the damage caused by the pitched battle last night in which a score were injured.

Leaders of both the back-to-work movement and the Steel Workers Organizing Committee, a C.I.O. affiliate, considered throwing picket lines about the plant.

The disorder grew from sporadic fist fights outside the gates to a pitched battle for possession of the plant.

Bricks were hurled by several hundred workmen and townspeople who marched on the plant. The sit-down strikers retaliated with heavy flint pebbles.

The invaders, gaining entrance through a back door, fired several tear gas bombs, Chief of Police William Holawanger said. The strikers replied with a stream of water from a fire hose.

State police, summoned by Sheriff Edwin H. Bellis of Montgomery County, quelled the riot and cleared the plant of the remaining strikers who weathered the tear gas.

The C. I. O. union had held the plant since February 4. Members of the union refused to handle castings made in another part of the plant where the workers are members of an A. F. of L. affiliate, R. J. Lever, field agent for the S. W. O. C., said.

Philip R. Cipp, general manager for the company, said he hoped that the plant could be opened to all workers within a few days.

# Pays Fine of $25 For Leaving Crash

CHATHAM, March 10.—Walter Trudell, of the Sherman apartments, King street, pleaded guilty to a charge of leaving the scene of an accident and was fined $25 and costs, $30.75 in all, by Magistrate S. B. Arnold in court here yesterday.

It was alleged that Trudell had been involved in two accidents in the city during the afternoon of March 2 and in both instances had failed to stop for

# Tug Loses In Grim Battle

## TO GET FREIGHTER

### Captain of Bigger Ship Wouldn't Give Up

BOSTON, March 10.—To the captains of the Halifax tug Foundation Franklin and the disabled freighter Azalea City the episode off Cape Race, Nfld., was more than a battle against a terrific gale.

The story behind the news in Boston is that the Foundation Franklin lost a tidy sum of money because Capt. L. P. M. Ressijac of the Azalea City wouldn't give in.

For one week Capt. Ressijac was responsible for three passengers, two women and a man, and a crew of 48 men on his 5,000-ton freighter with a cargo of 5,500 tons of general freight, while his vessel was helpless because the propeller had been swept away.

A northwest gale, reaching heights of 60-70 miles an hour, carried her 600 miles from Cape Race toward Bermuda. The tug Foundation Franklin hearing word of the trouble, had chugged promptly to the scene, and for several days bobbed over mountainous seas beside the freighter, anxious and ready to pass a line aboard the stricken vessel.

Had the moment come when Capt. Ressijac felt it necessary to accept the proffered aid, the Azalea City would have been "salvaged" under admiralty law, her owners bound to pay the rescuers a large proportion not only of the value of the vessel but of her costly cargo.

It was one of those dramatic situations which put a tremendous responsibility on sea captains. One man, solely answerable for a decision which might mean a small fortune for the vessel's owners and at the same time the responsibility of protecting 51 human lives.

It was a feat of seamanship to keep the propeller-less ship before the gale, cunningly steered to prevent broaching to in the trough of the 30-foot seas and foundering.

Then the United States Coast Guard cutter Chelan arrived alongside the Azalea City, and for three days the heavy seas snapped time and again the huge towing hawsers passed from the cutter to the helpless freighter. But Capt. Ressijac stuck it out.

A week after the Azalea City first ran into trouble, the tug Relief out of New York, chartered by the freighter's owners to lend assistance, arrived longside the Azalea City.

On the arrival of the Relief, the Foundation Franklin, which had dogged the drifting course for five days, put about for Halifax, loser against a grim captain.

# Old Fort Malden To Be Beautiful

AMHERSTBURG, March 10.—Returned from a visit to Ottawa where he conferred with officials of the Historic Sites Department, John A. Marsh, secretary of the committee in charge of Old Fort Malden, Dominion Government park, announced that the department would proceed with the committee's plans for beautification of the site.

Stone pillars are to be constructed at the entrance to the park and a hedge is to be planted along the front of the grounds. The local committee has been pressing the government for the construction of a museum and has the assurance of the officials at Ottawa that one will be built next year.

# Successive Dips

LONDON, Eng., March 10.—Sixty-year-old H. J. Bull of Folkestone, England, has broken a record for successive dips in the sea by not missing

# Go on Strike

CLARKSBURG, W. Va., March 10.—Six schoolboy patrolmen at a downtown grade school went on a sit-down strike yesterday.

They told auto club officials, in charge of their organization, that they did not propose to do further patrol duty until arrangements were made for weekly free movies. They removed their white belts and badges and turned them into the auto club.

George M. Brase, managing director of the auto club, said it would be impossible to grant the boys' demands. He said he would obtain new patrol members at the school.

**TEACHER PUZZLED**

REGINA, March 10.—One Regina public school teacher cannot decide whether one of her students is dull or brilliant. To an examination question asking the names of five Arctic animals, he answered "three polar bears and two seals."

# Urges Colony Be Populated

## British Guiana Points to Possibilities With Her Resources

GEORGETOWN, British Guiana, March 10.—Plans for development of British Guiana by transportation of the surplus populations of British West Indian islands to this colony were outlined in a resolution passed at a public meeting in Georgetown, Jamaica, Barbados and other islands of the West Indies had teeming populations which they could not possibly provide for, it was said. British Guiana, the sole British possession on the South American continent, covers an area of 90,000 square miles. A sparse population of 320,000 inhabits the colony, and efforts to improve this situation should be made.

It was pointed out that British Guiana has fertile sugar-producing coastlands, a wealth of timber, tens of thousands of ounces of fine gold and thousands of carats of diamonds.

Representations to the British Government would be made in an effort to have an imperial investigation leading to a settlement plan of development. This would bring about prosperity for this colony, it was felt, and at the same time remove the pressing problem of over-population in British West Indies islands.

# Gas Fatal To Dentist's Son

## 16-Year-Old Boy Had Been Playing With Apparatus

HASTINGS, Eng., March 10.—A Hastings dentist entered his surgery, hung up coat and hat, swung back the curtains, turned around.

Then he paused, petrified. There was the still figure of a man in the dentist's chair, the gas apparatus clamped over his face.

He tore off the mask. The victim was his son.

Story was told at Hastings when a verdict of accidental death was returned on Eric Vivian Jones, 16, dental mechanic's apprentice.

He was found dead in his surgery at Robertson street.

The boy had been interested in chemical contrivances, said Mr. Jones, and his daughter had told him that she had seen Eric playing with the apparatus.

He was studying for an examination and, as usual, slept at the surgery after night school to save the journey home.

**200,000 ON RELIEF**

Slightly more than 200,000 persons in Belgium are receiving unemployment relief.

# Sees Beauty In Grain Elevators

WINNIPEG, March 10.—Western Canada's huge cylindrical cement grain elevators are highly admired by European architects, M. S. Osborne, professor of architecture at the University of Manitoba, said in an address here.

"Their simple lines may lead to a style of architecture expressive of the plains—the horizontal feeling we have in this country."

Manitoba streets display a "battle of styles" which would be lessened with zoning laws, he said.

# Coast University Has Many Races

VANCOUVER, March 10.—Varieties of nationalities at a League of Nations Assembly is rivaled by University of British Columbia undergraduates here.

Twenty-five nations are represented. Eighty-seven per cent. of the students are of British origin, but 281 have parents of other nationality.

Americans and Japanese lead the non-British groups with 49 students each. There are 28 Chinese and three East Indians.

Nearly every European country is represented in the balance.


LIPTON'S
Full-Flavoured TEA
a Revelation in Richness




FREE! For Premium List of Wm. Rogers & Son Silverplate write to Thos. J. Lipton Ltd., 43 Front E., Toronto.

Red Label . . 33c ½ lb.
Orange Label 35c ½ lb.
Yellow Label 40c ½ lb.

THE LARGEST SELLING TEA IN THE WORLD

M&P STORES

Save on Quality MEATS

Specials Thursday Noon to Saturday Night

EXTRA SPECIAL
SWIFT'S GEM COUNTRY STYLE
Pork Sausage 2 lbs. 29c

SWIFT'S SLICED ENGLISH STYLE
PORK LOAF
COARSE CUT. LB. 18c

LEAN BONELESS
FRESH VEAL CUTTINGS
2 LBS. FOR 25c

SWIFT'S FINEST GRADE RENDERED
Beef Fat FOR FRYING 2 1 LB. PRINTS 21c

Swift's Ring Liver Sausage.....lb. 15¢
Swift's Ring Blood Sausage.....lb. 15¢
Swift's Chicken Roll .....lb. 32¢
Fresh Ox Tails.....2 lbs. 25¢
Fresh Beef Hearts .....lb. 11¢
Fresh Veal Patties .....lb. 15¢

ROLLED BONELESS CHOICE CUTS
VEAL ROAST lb. 17c

WILTSHIRE MILD CURE
SMOKED HAM SHANK HALF lb. 28c

WILTSHIRE
BACON
VERY MILD
Sliced Back, lb..... 31c
Sliced Side, lb..... 29c

Wiltshire Smoked Ham, cushion cut, lb. 30¢
Rolled Prime Rib Roast Beef.....lb. 22¢
Fresh Minced Beef.....2 lbs. 21¢
Shoulder Lamb Steaks.....lb. 21¢
Fresh Pork Picnics, no shank.....lb. 21¢
Chuck Roast Beef.....lb. 14¢

DOMESTIC SHORTENING 1-lb. Prints 12½c

M&P STORES

Save Now Quality FOODS

SPECIALS FOR THE WEEK END

ALL BRANDS EVAPORATED MILKS TALL TIN 3 for 25c

BEST GRADE LARGE WHITE
LIMA BEANS
LOVELY COOKERS
2 lbs. 19c

CHOICE GRADE WHOLE WHITE
LUSTRE RICE
A REAL FAVORITE
3 lbs. 17c




Mother Parker's Tea
YELLOW LABEL, Halves 27c
ORANGE PEKOE, Halves 32c

GREEN or RED
PLUM JAM
with Added Pectin
32-oz. Jar 21c

MURATORIS BEST BULK
Spaghetti
A REAL FINE COOKER
4 Lbs. for 22c

No. 1 Grade Fresh BUTTER lb. 36c

DURING LENT SERVE CLOVER LEAF SALMON WITH GREEN PEAS
CLOVER LEAF COHOE Red SALMON 1 LB. TALL TIN 25c
CLOVER LEAF SALMON, FANCY COHOE halves...2 tins 27c

GARDEN PATCH PEAS
VERY CHOICE TENDER, SWEET CANNED PEAS 2 Tins for 23c
SERVE Clover Leaf SALMON and GARDEN PATCH PEAS

CAMP BRAND PURE MAPLE SYRUP 16-oz. Btl. 25c

MAGIC BAKING POWDER
MAGIC BAKING POWDER CASH and CARRY 1-LB. TIN 28c
MAGIC BAKING SODA NONE BETTER.....½-LB. PKG. 4½c
WHITE SWAN WHEAT FLAKES 5 LB. BAG 25c
VERY OLD CHEESE 2 YEARS OLD.....LB. 27c

WITH SALAD OR FOR VEGETABLE SERVE CHOICE CANNED
DICED BEETS or DICED CARROTS No. 2 Squat Tin 7c

RICH, THICK, CREAMY MAYONNAISE
BROADWAY SALAD DRESSING 32-OZ. JAR 39c

HEAVY LATEX RUBBER GLOVES ..... 2 Prs. 25c
DOLLY CREAM or BISCUIT TINT ..... 2 pkgs. 25c
NORTHERN TOILET TISSUE, very best..... 3 lge. rolls 25c

EASY TO MAKE—MAKES MORE—NONE BETTER
McLAREN'S SOUPS ON WITH MEAT 2 Pkgs. for 19c

LARGE JUICY FLORIDA ORANGES Reg. 35c Size DOZEN 21c

NEW BUNCH BEETS OR CARROTS..... 2 bunches 9c
REAL GOOD BULK BLACK TEA..... lb. 48c
GOOD HUMOR BREAKFAST CEREAL..... pkg. 23c

POTATOES
No. 1 GRADE ONTARIO DOOLEY
2 Pecks for 25c
15 lbs. to Peck

CAMP BRAND FINEST PURE MAPLE SYRUP 16 oz. Btl. 25c




2 MED. TINS 23c

JOHNSTON'S FINEST GRADE
Floor Wax
IT GOES FARTHER
1 LB. TIN 57c

BEST BLEACH
SAPOLINE
2 LGE. BTLS. 19c

SURPRISE SOAP
4 BARS FOR 19c

IVORY SOAP FLAKES Large Pkg. 21c

# Store Fire Is Subdued

## Blaze Is Smothered in Early Morning Battle

CONTINUED FROM PAGE THREE THIS SECTION

tion to several thousand visiting Legionnaires.

**PLAYING WITH MATCHES**

While the Heintzman fire was engaging the attention of practically all men on duty, a call was received at 7.05 a.m. to the home of Douglas W. Wethington, 388 Patricia road. A child playing with matches had set fire to curtains in one of the bedrooms, and a babe sleeping in a crib nearby received a slight burn on the forehead.

Mr. Wethington beat out the flames with his bare hands and also suffered burns. When firemen arrived, however, the blaze was out.

Fire of unknown origin broke out this morning in the basement of 638 Randolph street, the residence of Mrs. Gladys Stuart. Three pieces of equipment responded to the call and quickly subdued flames which threatened to completely destroy the basement. No serious damage was incurred and the fire was confined to the area immediately surrounding the furnace.

Shortly before noon the men were called again to the home of Wilfred Phelps, 471 Pitt street east, where a roof fire caused damage estimated at $100.

# School Fetes

## Patterson, Assumption to Celebrate Birthdays in 1938

Two celebrations are being planned for Windsor schools this year, it was announced at the Board of Education Building today. Patterson Collegiate and Assumption Street School are both planning anniversary ceremonies.

Dates for the celebration of Assumption's 25th anniversary have been tentatively set for MAY 4-6. It is expected that a reunion of former teachers and students of the school will be a feature of the program.

Cornerstone for the present Patterson Collegiate was laid in August, 1888, and the collegiate will commemorate the event with a special program next fall.

# "Contacts" Lauded

LONDON, Eng., March 10.—When cerebro spinal meningitis broke out on H.M.S. Shropshire, Seaman Terence Leamy, 17, the patient, and 25 "contacts" were landed at Gibraltar.


**Get at the Cause of Constipation!**

You know that constipation often gives you that dopey, sunken-bogged down feeling. Why not get at the *cause* and fix it?

If you eat what most people do—things like bread, meat and potatoes—the chances are all that's the matter with you is *you don't get enough "bulk."* And "bulk" doesn't mean what you may think. It's a *kind* of food that isn't entirely consumed, but leaves a soft, bulky mass in the intestines that aids elimination.

If this is your trouble, what you need is a dish of crisp, crunchy Kellogg's All-Bran for breakfast every day. It contains the "bulk" you need, plus Nature's intestinal tonic vitamin $B_1$, and iron.

Eat All-Bran every day, drink plenty of water, and see if the old world doesn't look a lot brighter! All-Bran is made by Kellogg in London, Ont. Sold by every grocer.


# Politics In Hydro Seen By Challies

## Former Tory Minister States Partisanship Ruled Roebuck

## Speaks in House

## M.L.A. Calls for New Deal Free from Political Expediency

By Arthur Wells

TORONTO, March 10.—Hope for a new deal in Hydro, free from partisan politics, so that it may be removed from the "nightmare of the last three years," was expressed in the Ontario Legislature yesterday by Hon. G. H. Challies, one-time provincial secretary in the Henry Government.

**TRUSTS IN DR. HOGG**

"WITH ALL the sincerity I am capable of, I urge the premier to give Hogg (Dr. T. H. Hogg, Hydro chairman) his head. He will then have a hogshead of justice and a thimbleful of politics, instead of a hogshead of politics and a thimbleful of justice, which was for so many months rampant.

"I have implicit confidence in Dr. Hogg's professional capacity as well as his integrity of purpose," Mr. Challes declared. "Anyone who attempts seriously to piece together the various elements of the power policy of the present administration for the past few years is sooner or later confronted with a very simple explanation—the prime purpose of the government has been governed by cheap partisan politics.

"Cheap partisan politics dictated the marathon Hydro speeches of the honorable member from Bellwoods (Mr. Roebuck) who from 1934 to 1937 dominated the personnel and the program of the O.H.E.P.C.

**CRITICAL OF LYON**

"Cheap partisan politics dictated the absurd but transparent device of having an estimable old gentleman, a retired newspaper editor, forsake his farm to act as chairman of the O.H.E. P.C. What a travesty—Stewart Lyon presuming to sit in the seat occupied with such distinction by the late Sir Adam Beck, and by men like McGrath and Cook. Everyone now knows that Chairman Lyon took his cue from the then attorney-general of this province, who was more concerned about slinging mud at the record of the Conservative Government, than with serving the real interest of the public.

"Cheap partisan politics created the cruel and unfair treatment of a great engineer, Dr. F. A. Gaby who was guilty of nothing more serious than an inability to foresee the greatest business depression in history. I must say that in that respect Dr. Gaby had distinguished company all over the world.

"Cheap partisan politics dictated the attempt, on the part of the government, to persecute its political opponents by unfair merciless public inquiry from which emerged only a severe condemnation of the government itself, one court declaring in no uncertain terms that the action failed hopelessly and entirely and that it was utterly unfounded and cruel.

**MUZZLING OF EXPERTS**

"Cheap partisan politics dictated the muzzling of the engineering experts in all the Hydro offices who could and would, had they been given a chance, gladly have told the prime minister that his attorney-general's cheap political claptrap about the overpurchase of power and the impossibility of power shortages would, within a very few years, be proven to be sheer bunkum.

"Only the other day, in his address to the Ontario Municipal Electric Association, Dr. Hogg frankly admitted that the technical staff of the Hydro including himself, were in no way whatever responsible for the policies or the programs of the Hydro under the dark days of the Roebuck-Lyon domination.

"If the premier had been frank with the electorate, there would have been a very different story to tell on the 6th of October. Of all the elections since Confederation, in any of the provinces, the last one in Ontario was the most hypocritical. Out on the public platform the premier was damning the power barons of St. James street, while his henchman was in intimate contact with representatives of the same power barons working out the basis of a new power deal. The premier was during the night dreaming about "back-to-Niagara" and during the day propounding silly proposals about diverting Hudson Bay rivers into the Great Lakes and developing small streams like the Madawaska as a means of meeting the growing power pains of this province.

**COURTS UPSETTING LAWS**

"While all the topsy-turvy talk about the power program of this government was going on during the last Parliament, one court after another was finding the legal basis for its power procedure was just as fictitious as the engineering basis. It is too bad that the litigation over the repudiation of power contracts did not finally get to the law lords of the Privy Council, as the people in this province deserve to have expunged from the law records the unorthodox and un-British series of repudiation acts perpetrated by and with the approval of the present administration.

"The preamble of the so-called repudiation acts will go down in history as one of the greatest burlesques to be found anywhere in the statutes of a British Legislature. It will be amusing to read the preamble to the bill when the new legislation is introduced confirming the recent contract revisions.

"It seems that the premier of Quebec, who has been strangely silent on this export quarrel with the Dominion Government and the Beauharnois interests, is using the premier of Ontario as a cat's paw. As a practical proposition this government wants the Hydro to act as a "go between," as an agency that will buy Quebec power and sell it to the aluminum and other American interests for use in the United States.

**SEES DEBT TO QUEBEC**

"Of all the reversals of policy perpetrated by this administration, the change from the Roebuck-Lyon threats to existing power exports at Niagara to the Hepburn-Hogg appeal for the right to export 125,000 additional power is the most baffling. I can only explain the change of heart by the desire of the premier to help certain Quebec friends who may have helped him during the recent election campaign."

At the outset Mr. Challies found fault with the Speech from the Throne, criticizing the government for putting into the mouth of the lieutenant-governor the statement that there was a $92,000,000 saving on Hydro contracts. That statement, he said, was on a par with some of the premier's pre-election promises.

"We feel," he declared, "that the only fair way in which the facts can be presented to the House and the public is by a public inquiry by a committee of the House. We feel if the government is sincere in its Hydro programs such a committee will be appointed forthwith."

"The prime minister in his speech Tuesday stated that when he took office they found Hydro reserves about depleted because of the drain upon them on account of the former Quebec purchases. What are the facts? When the present government took office it found established a rate stabilization fund, its prime and only purpose being to take care of just such unforeseen contingencies as occurred as a result of loss of revenue due to the depression period.

**EXPLAINS FUND**

"This fund had to its credit approximately $14,000,000 in 1931. There was drawn from this account from 1931 to 1934 inclusive $9,651,083.72, having $4,348,916.20 left as a credit at the end of 1934. The important fact to remember, along with the facts just outlined, is that while there were withdrawals from the rate stabilization fund the amount of reserves set up in general reserves account was for the same period $14,938,707.12, or $5,287,623.40 more was set aside as reserves, than was taken out of the fund established to stabilize rates."

He condemned the government for not providing added transmission facilities to lessen what he termed a "dangerous overload" on the Leaside terminal. No blame could be placed on the government for the serious situation that developed at Niagara due to the ice jam, he said, but the construction of a new transmission line and installation of greater transformer capacities after 1935 would have been an indication of the failure of the government's power policy.

"Such an indication must not be made," Mr. Challies declared, "no matter what the risk is just before an election. This government gambled with the destinies of the people of the Niagara system from 1934 to the present time, and while they have been partially successfully, the danger is not over.

**NEW TRANSFORMERS**

"I am creditably informed that new transformers were ordered prior to the October election sufficient to meet just such a contingency. The contract for these transformers was not to be made public until after the election. This means that the equipment cannot be installed until this summer. For political purposes this administration is running Hydro into the ground.

"What I wish to emphasize is—what would have been the situation in 1935-36-37-38 without Quebec power had such an emergency arisen as the one the Niagara system is now facing.

"The answer is quite apparent to all. The position of the Conservative opposition in year after year warning the government that just such a crisis would take place, places the responsibility and blame for lack of action where it justly belongs, on the shoulders of the former Hydro commission and the present government.

"It is time those in factory, farm, home and stores should realize how this government has gambled with their prosperity and happiness in order to gain a snap decision at the polls."

**RATE REDUCTIONS**

Mr. Challies deprecated the government's stress of rate reductions and the claim that prior to 1937 there never in the history of the systems had been a general rate reduction in the Niagara area. He point'ed out that power at cost is the basic principle of Hydro, so if rates are too high the credit in reserves or grants is made to the municipalities.

"How a general flat rate reduction can be equitably made and fairly applied when the rates vary anywhere from $14.21 per horsepower, as in Ottawa, to $72.68 per horsepower, as in Courtright, is hard to determine," he continued.

"The comparison of revenues as of the years 1931-32 with 1937 is only another evidence of unfair advantage. The year 1931-32 being the depth of the depression as far as Hydro finances are concerned, and the year 1937 that of greater business stimulation, a comparison must be taken at face value and ignored.

"The conclusive answer to all this political propaganda emanating from Hydro offices since this government came into office is found in this fact that under Conservative rule from 1923-1934, the capital invested by the commission and the municipalities increased from $225,000,000 to $400,000,000.

**GIVES REASONS FOR CUTS**

It is apparent, Mr. Challies maintained, that rate reductions were made for three reasons—regular services were not maintained; revenues kept pace with reduced rates, due to the fact that load increases were in a greater ratio than the reduction in rates; load increases were in a greater ratio than the reduction in rates; load increases were phenomenal on all systems.

"Never was it so true that facts are stranger than fiction, for the facts as disclosed since the then attorney-general was summarily dismissed from his position of domination in the Hydro are stronger even than the fiction he perpetrated upon the long suffering Hydro from 1934 to 1937.

The prime minister would add greatly to the gaiety of the nation if he would now induce the honorable member from Bellwoods to broadcast to the people of this province a series of talks as a sequence to his four one-hour radio harangues of 1935.

"How the people would laugh when the most perfect power pessimist of the ages tried to explain his declaration about: Back-to-Niagara for power, no truck or trade with the power barons of St. James street, Quebec power never would be needed, power shortages are impossible.

"Dr. Hogg's statement to the Ontario Municipal Electric Association should be in the hands of every elector of this province. It is a perfect vindication of the stand taken by the Conservative Party in opposition to the Roebuck-Lyon tomfoolery during the long trying period when those two gentlemen were suffering from Hydrophobia."

**FAVORS DEEP WATERWAY**

Ontario has sufficient electric power to meet anticipated requirements up to 1946, Mr. Challies said, but after that it will become a problem which every public leader in the province must face. The St. Lawrence is the best source for meeting further increases and he urged Premier Hepburn, who has repeatedly opposed the proposition, to "face this question squarely."

Power prices have been negotiated in the premier's office in some cases "as in the Lake Sulphite agreement," Mr. Challies said. This brought the reply from Premier Hepburn that details of the proposed agreement with the collapsed pulp project were worked out by the Hydro Commission but no agreement was signed.

"Why did Lake Sulphite say so?" asked Conservative Leader Macaulay. "That's one of the things I want investigated."

Turning to the Government's "back to Niagara" election policy and its planned diversion of more water at the cataract, Mr. Challies said the government knew before the election this was impossible because of international difficulties.

**PREMIER OBJECTS**

Objecting to the statement, Premier Hepburn said a letter had been received from Ottawa in September by Provincial Secretary Harry Nixon, but was not shown to him until later as he was busy campaigning.

"What right had you to campaign on a back-to-Niagara policy when your colleague had a letter in his pocket saying you couldn't go back?" asked Mr. Macaulay.

"I didn't keep it in my pocket," Mr. Nixon interjected. "I sent it down to Hydro."

"I was traveling too fast for him to catch up," the premier added.

# Too Close

ST. LOUIS, March 10.—Ralph Goodman laid his razor aside, reached for a towel and for the first time in years experienced a "shave" he described as "too close."

The towel pulled a .25 calibre pistol from the table. The gun discharged.

City hospital physicians treated Goodman for a bullet wound in his right leg.

# Wily Plan

OTTAWA, March 10.—An amendment to the Immigration Act that would prohibit entry of "persons over 15 years of age physically capable of reading, who cannot read the English or the French language or some other language or dialect commonly spoken by and native to the people of Europe" was introduced in the House of Commons yesterday by A. W. Neill, Independent, Comox-Alberni.

While Mr. Neill gave no detailed explanation of his purpose, the bill would have the effect of virtually excluding Japanese.

# Costly Search

## Each Gallon of Gasoline Worth $6; Plenty of Gasoline

REGINA, March 10.—Every time Sir Hubert Wilkins fills his huge ship with fuel at Aklavik, at the mouth of the Mackenzie River, it costs the Soviet Government $8,000, C. J. McFarlane, gasoline company representative said in an address here.

Mr. McFarlane traveled 7,000 miles by air, 1,000 miles by boat and 1,000 miles overland to carry gasoline and batteries for the searchers. Gasoline costs between $4 and $6 a gallon in the far north, because of transportation difficulties.

At Fairbanks, Alaska, he said, earthquakes occur sometimes at the rate of 70 a day. Aside from broken dishes and cracked walls, little damage was done.

**TO WAR ON BETTING**

Australia will war on betting.

# HAND OF CHANCE IS EXPOSED

PASADENA, Calif., March 10.—Two scientists here are completing a "probability machine" which could tell the average man's chance of being killed in an automobile accident, or of throwing a seven with a pair of dice.

It was designed, however, as an aid to making movie film less grainy.

A company manufacturing film asked Drs. Alexander Goetz and W. O. Gould, California Institute of Technology physicists, to see what they could do.

They combined higher mathematics, graphs, photo-electric cells, microscopes and a few other gadgets and turned out a "graininess meter" and an "integrator," which together make the probability machine.

"The grains on photographic film," Dr. Gould explained, "are tiny particles of silver. To the natural eye they may seem evenly distributed, but under the microscope the particles are shown to be grouped together in spots.

"Our task was to find whether this was a random grouping, or from cause."

While their tests are not completed, Drs. Goetz and Gould found that the graininess invariably was increased in making a positive print.

"This machine could be used in bacteria tests," said Dr. Goetz, "to determine the percentage of dead and live ones. It could determine whether the death of one would bring the death of others in the neighborhood."

In the statistical field, the integrator could be used to reduce a wildly fluctuating chart to a single curve, eliminating much figuring.

**EASE COMMERCE TAXES**

Brazil will eliminate taxes on interstate commerce.




**Do you add one for the pot?**

**- it's better that way. You should use a warmed crockery teapot - a teaspoonful for each person and one for the pot - add fresh, boiling water and steep five minutes - to get all the flavour from TEA.**

703

**'SALADA' TEA**






**WM. A. ROGERS TEAETTE (Tea-Ball Spoon)**
**NEW! SMART! CONVENIENT!**
Value $1.00; for only 25¢ and the windmill panels from 2 Old Dutch labels




A quick and easy way to serve tea! Place tea in teaette bowl, snap shut, place in tea cup and pour boiling water over it. Remove when tea is desired strength.

Wm. A. Rogers A-1 plus quality silverware, made by Oneida, Ltd. Lovely Croydon pattern, matches other Old Dutch Silverware. This offer, good only in Canada, expires April 30, 1938.

OLD DUTCH CLEANSER, Dept. Y136,
64 Macaulay Avenue, Toronto
I am enclosing _____ windmill panels from Old Dutch labels (or complete labels) and _____ for which please send me 1 Wm. A. Rogers Teaette and circular telling how I can get other pieces or a complete set of this A-1 plus quality silverware.
Name _____
Address _____
City _____ Province _____


# May Enlarge Safety Patrol

## Trustees to Debate Plan Launched for Separate Schools

Establishment of a safety patrol among students of Windsor public and secondary schools will be discussed at next Wednesday's meeting of the Windsor Board of Education, it was announced today.

Operation of a safety patrol about separate schools of the city was started this week. Windsor Police Department is sponsoring the patrol, and it is expected that the department will make representations to the board at its next meeting.

The board of education has asked the police commission, at various times, for some protection at busy intersections near schools. Caretakers at some of the schools have been doing this work but have objected, pointing out that they cannot take care of all intersections.

It is expected that representations will be made by the caretakers when the subject comes up for discussion.


(Advertisement)

**Omega Oil For Backache Pains Soreness**

What you want is relief for aches, pains, soreness and lameness in joints and muscles and speedy relief is what you may expect when you use powerful medicated Omega Oil—you get results.

So when backache keeps you in misery—when muscles are sore and lame—when you have a sprain or a strain—when feet are sore and aching—don't hesitate—get a 35 cent bottle of penetrating Omega Oil—and rub it in good.

Every druggist in Canada sells Omega Oil—he knows that it's great for the relief of the pains of rheumatism, sciatica, neuritis, neuralgia and lumbago—he knows it's good.



**A&P FOOD STORES**
ESTABLISHED 1859
Owned and Operated by the Great Atlantic & Pacific Tea Co., Limited

**Sale of LIBBY FOODS**

| | | |
|---|---|---|
| PORK & BEANS | 2 21-oz. Tins | 15c |
| CATCHUP | 12-oz. Btl. | 13c |
| TOMATO JUICE | 3 1's Tins | 13c |
| TOMATO JUICE | 3 20-oz. Tins | 23c |
| SAUERKRAUT | 2 2½'s Tins | 25c |
| MUSTARD PREPARED | 9-oz. Jar | 10c |
| DILL PICKLES | 2½'s Tin | 21c |
| BABY FOODS | 2 TINS | 19c |

**S. O. S.** 4's 14c 8's 23c

McCORMICK'S **Fig Bars** lb. 14c

**NORTHERN** TOILET **TISSUE** 3 rolls 25c

| | | |
|---|---|---|
| WAX BEANS | IONA WHOLE STANDARD | 3 tins 25c |
| OXYDOL | LGE. PKG. | 21c |
| OLD CHEESE | | lb. 25c |
| NEW CHEESE | | lb. 20c |
| SUNLIGHT SOAP | 6 bars | 36c |
| Save English Carton Ends for Bath Towels | | |
| KIPPER SNACKS | 2 tins | 11c |
| CUTE SALMON | No. 1 Tin | 10c |
| SARDINES | BRUNSWICK | tin 5c |
| SHRIMP | | tin 21c |
| BOKAR Coffee | 1-lb. BAG 28c | 1-lb. TIN 29c |
| HEALTH COOKIES | 2 lbs. | 25c |
| LETTUCE | | 5c |
| CABBAGE | | lb. 4c |
| Carrots--Beets | | 5c |
| Turnips | 5 lbs. for | 9c |
| Oranges Navels | doz. | 25c |

GOOD SIZE

TOP QUALITY **PRIME BEEF ROASTS**

| | | |
|---|---|---|
| PORTERHOUSE | | lb. 25c |
| WING | | lb. 23c |
| BLADE | | lb. 15c |
| THICK RIB | | lb. 16c |
| POT | BONELESS | lb. 15c |
| TOP QUALITY BOILING FOWL | 3 to 4 lbs. Ave. | lb. 23c |
| SMOKED WIENERS | | lb. 19c |

**FISH**

| | | |
|---|---|---|
| SILVERBRIGHT SALMON | By the Piece 2 lbs. | 25c |
| Centre Cuts or Steaks, lb. 15c | | |
| FRESH CHILLED HADDOCK FILLETS | | lb. 14c |
| SMOKED FILLETS | | lb. 18c |
| FANCY SMELTS (No. 1) | | lb. 19c |
| GOLDEN CISCOES | | lb. 19c |

# BUS TEST ARRANGED FOR AMHERSTBURG LINE

120063

**Won't Be Present**

WINDSOR SEPARATE SCHOOL BOARD will meet in the St. Alphonsus school board room at 8:15 o'clock tonight. Dr. P. J. G. Morgan, chairman of the finance committee, is still confined to his home with a foot infection and will be unable to attend.


# The Third Page

WINDSOR, ONTARIO, FRIDAY, MARCH 11, 1938


**To Consider Motion**

CITY COUNCIL probably will be asked Tuesday night to vote on Ald. Morris' motion to abolish the board of appeal on relief matters and have the work reverted to elected representatives. The board was appointed "to keep relief out of politics."

# Police Solve Smash and Grab Raid

## City Argues Baby Case

### Judge Will Determine Who Is Responsible for Upkeep

### Nine Months Old

### Windsor and Toronto Both Balk at Maintaining Infant

Whether or not welfare is an "institution" was argued before Judge George F. Mahon in county court, yesterday afternoon, when the City of Windsor and the City of Toronto argued responsibility for the upkeep of a nine-months-old baby.

**RESERVES DECISION**

Welfare regulations and provisions of the Children's Protection Act were cited in an effort to determine whether Windsor or Toronto is legally responsible for the infant's board and room. Judge Mahon reserved his decision.

Last January 29, application was made under the Children's Protection Act, to have the infant made a ward of the Roman Catholic Children's Aid Society here. Judge Mahon granted the application, naming the City of Windsor as responsible for the little one's keep.

L. Z. McPherson, Windsor city solicitor, moved yesterday to have the county judge's order altered to make Toronto responsible for maintenance of the baby. R. C. Baird, of the Toronto city solicitor's office, argued the case for the Queen City.

Evidence disclosed that the child's mother went from Windsor to Toronto December 26, 1935. Though the mother had not been in that city a year and therefore did not qualify for relief there, she was given temporary relief for several days in November, 1936. And then, though she could not yet qualify under the welfare department's "year's residence" requirement, the mother was admitted to a welfare hostel in Toronto on December 4, 1936. The child was born in the hostel in June, 1937. After keeping the child and mother until October 9, the City of Toronto sent them to Windsor on that date.

**MORE THAN YEAR ELAPSED**

Under the Children's Protection Act, responsibility for the upkeep of a Children's Aid ward rests with the municipality in which the child has lived for a period of one year previously—or the municipality in which the mother lived for one year prior to the child's birth.

It was pointed out that when the child's mother was admitted to a welfare hostel in Toronto, she had not lived a year in Toronto. More than a year elapsed, however, between her arrival in Toronto on December 26, 1935 and her departure for Windsor on October 9, 1937.

The Children's Protection Act provides that time spent in a charitable institution is not to be included when the one-year residence term is figured out. The question argued yesterday was whether the fact that the mother was given shelter by the welfare department could be interpreted as meaning that she had been in a charitable institution.

Mr. Baird cited a Court of Appeals decision in which the court ruled in favor of a broad interpretation of the "charitable institution" clause in the Children's Protection Act. The court in that case ruled that children boarded in private homes under supervision of the Children's Aid Society were in charitable institutions.

## Likely to Face Many Charges

### GILBERT JONES

### Being Held for Police of Kent County

If police in Kent County want Gilbert Jones, 22-year-old Morpeth man, they can have him, city police court officials decided this morning. In the meantime Jones was remanded to Monday to await word from Chatham.

Arrested here two weeks ago, Jones has been held on a charge of leaving the scene of an accident which caused serious injuries to William Fowler, 72, of 817 Ouellette avenue, at Goyeau and Wyandotte streets. But Jones was also sought as the eighth member of a gang which had been raiding gasoline stations and stores in Kent County. Another member of the gang, Roy Brown, 19, also of Morpeth, said to have been with Jones at the time of the accident here, surrendered to police after his car bogged in a field near his home village.

"There are several charges that may be preferred against Jones in Chatham," Crown Attorney Allan suggested this morning when he advanced the plan of having him transferred for trial.

### *Who Told You That?*

First-Aid Man: "Did you hold a mirror to her mouth to see whether she was still breathing?"

Assistant: "Yes, and she opened her eyes, gasped and reached for her powder puff."

## Find Most Of Jewelry

### Raymond Lauzon Admits He Tossed Brick Through Window

### Involves Another

### Stolen Watches and Rings Cached Under Back Steps of House

Raymond Lauzon, 34, of Tecumseh, has admitted to police it was he who tossed the brick through the Studebaker jewelry shop window, 50 London street west, early Wednesday morning. His confession resulted in recovery of most of the stolen watches and rings, found cached under the back steps of a Pelissier street house, not far from the store.

**WAS IDENTIFIED**

Lauzon was picked up yesterday morning by Detective-Sergeant Campbell and Detective Hill, but was stubborn in his insistence he knew nothing about the robbery until identified by witnesses in a show-up line. He then dictated a two-page statement in which he involved Joseph Donoghue, 32, of 819 Assumption street.

Donoghue was arrested by Constables Smith and Harold McLean on the street near the store, with two rings and a wrist watch in his possession. After receiving Lauzon's statement, police recovered ten watches, six rings, three wrist bands and a gold cross from the hiding place on Pelissier street.

**HAD BEEN DRINKING**

He and Donoghue had been drinking Tuesday night, until their funds gave out, and they conceived the idea of crashing a jewelry store window to replete their resources, Lauzon said in his statement. A piece of paving brick he found on the street was the instrument used.

Lauzon pleaded guilty when arraigned formally before Magistrate Brodie, and was remanded to Monday for sentence.

## Heart Attack Proves Fatal

### TO NORMAN F. WRAY

### Was Former Treasurer of Devonshire

Well known in Windsor fraternal circles, Norman F. Wray, 61 years of age, died this morning at his home in Detroit, following a heart attack.

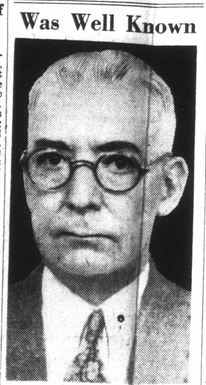
Mr. Wray lived in Windsor for several years, prior to going to Detroit 10 years ago. He was a public accountant by profession and was also at one time treasurer of the Devonshire Race Track.

His widow, Mrs. Harriett Wray, is also well known throughout the district as a vocalist, having been guest soloist at St. Andrew's Presbyterian Church on several occasions.

Mr. Wray was a former member of the Windsor Kiwanis and Lions Clubs and also the Windsor lodges of the Mocha Shrine and the Scottish Rite.

Surviving besides his widow are two brothers, Walter, of Detroit, and William, of Long Beach, Calif., and three sisters, Mrs. Albert Lamb, of Petreland, and Mrs. Eleanor Crittenden and Mrs. Elizabeth May, of Detroit.

## Was Well Known



MR. NORMAN F. WRAY

## Windsor's Othmar Grotto Greets Grand Monarch



WINDSOR'S Othmar Grotto turned out last night to honor Mr. O. F. Hildebrandt, of Rock Island, Illinois, grand monarch of the Mystic Order of Veiled Prophets of the Enchanted Realm. Mr. Hildebrandt is shown in the centre, with Mr. E. Blake Winter, deputy grand monarch, at his left, and Mr. E. G. Cade, monarch of Othmar Grotto, at his right.

## Sees Hydro Income Loss

### Utilities Commission Fears Reaction from Gasoline Buses

Hydro will lose a revenue of $70,000 to $80,000 per year, which loss Hydro users will have to make up, if Windsor street cars are replaced by gasoline buses, the Windsor Utilities Commission plans to inform the street railway inquiry ordered by the Ontario Municipal Board and being conducted by W. H. Furlong, K.C., chairman of the Sandwich, Windsor & Amherstburg Railway.

**MERELY SEND LETTER**

Meeting in the Canada Building yesterday, the utilities commission decided against sending any delegation to the street railway probe. Instead, the commission will merely call attention, in a letter, to the fact that swinging away from electricity in the operation of the city's public transportation system would be a blow to the publicly-owned Hydro system.

Commissioner Carmichael expressed annoyance at statements made by Mr. Furlong during the course of his inquiry, to the effect that service beyond Brock street in Ward Five should have been terminated because of the condition of the roadbed.

"If that were done," Commissioner Carmichael said, "what would the hundreds of employes of the Canadian Industries, Limited, plant do for transportation. This district is referred to as a poorer district, but these are the people who need street railway transportation."

**THINKS BUSES MEANT**

Commissioner Edwards suggested that Mr. Furlong probably meant that buses should carry on beyond Brock street.

"He doesn't say that," Commissioner Carmichael declared, adding, "He's full of wet hay."

"I'm not an authority on public transportation," Commissioner Edwards declared, "and I'm not in a position to say what kind of transportation system we should have.

"But this commission should point out that if the use of Hydro is discontinued it will mean a loss of between $70,000 and $80,000, which Hydro users will have to make up.

"There's no need for this commission to appear at the inquiry. Mr. Keith can just send a letter, calling the inquiry's attention to that fact.

**AGAINST INTERFERENCE**

"I don't think this commission should try to tell how the street railways should be run or to interfere or try to influence the inquiry one way or the other. I just think it's our duty to call their attention to the loss that Hydro will suffer if electric power is abandoned. That's the only interest this commission has in the situation."

J. Clark Keith, general manager for the commission, agreed that the $80,000 loss in revenue would have to be absorbed by customers of the Ontario Hydro-Electric Power Commission. Because of the fact that a large portion of the cost of Hydro is the cost of transmission, Windsor would take a larger share of the loss than other municipalities, O. M. Perry, Hydro manager, said.

Commissioner Carmichael agreed with the remarks made by Commissioner Edwards and moved that the

CONTINUED ON PAGE FOURTEEN THIS SECTION

## Dropped

AT the request of City Solicitor MacPherson prosecution of the Ritz tobacco shop, 1175 Ottawa street, was dropped in Windsor Police Court this morning. A charge of failure to clear the sidewalk of an accumulation of snow had been preferred by police, with February 24 indicated as the date of the offence.

Gerald McHugh, K.C., was present to contest the case which had been billed as a trial of the bylaw's validity but found he had no need for the legal ammunition he had collected. Police said the charge was laid following the complaint of a woman who said she suffered a painful fall in front of the Ottawa street shop.

## City Employe Holds 3 Jobs

### BOARD ISSUES BAN

### Hydro Worker Must Quit Coal, Finance Lines

Employes of the Windsor Utilities Commission will not be allowed to hold other jobs on the side, the commissioners decided at yesterday's regular meeting in the Canada Building.

Commissioner Edwards called the commission's attention to a Hydro employe who, he said, has been carrying on fuel and finance businesses.

It was recalled that a resolution was passed a year ago, providing that employes could not continue other gainful occupations without the knowledge and consent of the management.

O. M. Perry, Hydro manager, said he posted that order up, the day after it was received. No one had consulted him since then, about extra-mural businesses, he said.

As a result, the commission passed a new resolution, with the "knowledge and consent" clause deleted. It provides that after May 1 no employe of the commission may hold any outside job or carry on any other business.

"There are too many unemployed," Commissioner Riberdy pointed out, "for one man to be holding three jobs."

Commissioner Edwards said the man in question had made very little on his coal business and had no intention to giving it up. He didn't feel the same way about the finance business, however, the commissioner said.

"He says," Commissioner Edwards reported, "that the finance business is a hobby with him, or something."

Commissioner Edwards said he investigated the case, following a complaint received a month ago. Commissioner Riberdy said he had received a similar complaint.

Mr. Perry said he was informed that the employe in question had explained that it would take him two years to get out of the finance business.

The commissioners agreed that it might take the employe some time to collect money already loaned out. Under the resolution, though, he will not be allowed to make further loans or carry on further business—outside of collections—after May 1.

## Claims Unrest Follows Ban

### ON MASONIC ORDERS

### Grand Monarch Welcomed to Windsor

"There is no civil unrest in countries where free speech, friendship, fellowship and acquaintanceship prevail and where one knows that the person sitting next to him doesn't carry a hatchet with which to dash out his brains," O. F. Hildebrandt of Rock Island, Illinois, declared last night, at the Prince Edward Hotel.

Mr. Hildebrandt is Grand Monarch of the Mystic Order of Veiled Prophets of the Enchanted Realm and his visit to the city included an appearance before the Othmar Grotto at their semi-annual banquet where he was introduced by E. Blake Winter, formerly of Windsor, now of Toronto.

"Only in countries where Masonic orders have been suppressed is there civil unrest," Mr. Hildebrandt believes. "Broad vision," he said, "is the greatest necessity in avoiding friction between peoples and countries."

Mr. Hildebrandt observed that in his opinion the hard times which so many seem to think are present in Canada and the United States exist largely as a state of mind rather than realities.

George M. Cartmill of Othmar Grotto was presented with a plaque symbolical of the honorary past monarch's office.

## Bookie Pays Heavy Fine

### Matt Podgin Assessed $116 on Charge of Exhibiting

Because it was the second conviction recorded against the Paramount poolroom, 329 Ouellette avenue, this year, a fine of $116 including costs, was set as Matt Podgin, 37, of 1239 Parent avenue, pleaded guilty to exhibiting race track information this morning. Magistrate Brodie was informed that the previous conviction was on January 10.

Police raided the poolroom on Wednesday and found 100 customers in the place. Three telephones were in use and three charts were seized.

Bernard D. Caplan, K.C., represented the accused and entered the plea of guilty.

### AUNT HET



"A few people workin' together can boss anything, but it don't worry me. I'm a majority in my own business, and that's the only one I care about runnin'."

## Awaits Word About Paring

### Board of Education Not Notified by Sinking Fund Trustees

Windsor Board of Education had not received any notice, today, of the decision of the Board of Trustees of the Windsor Sinking Fund that the board's public school budget should be cut from $670,000 to $660,000.

**CHAIRMAN ABSENT**

T. Roy Noble, business administrator for the board, explained that the chairman, P. P. McCallum, is out of the city, so that no special meeting will, in any event, be called before next week.

Mr. Noble pointed out that the $660,000 limit prescribed by the board of trustees is actually below last year's public school budget total, which was $663,000. The $660,000 figure is the limit set in the refunding plan for public school estimates—any expenditure beyond that amount must be accompanied by an additional levy for income interest.

"Our budget last year," Mr. Noble explained, "was settled before the $660,000 figure was arrived at in the refunding plan. They cut us down, though I don't know why—no other departments were cut down."

**SEES CUT UNLIKELY**

Mr. Noble explained that any further cuts in the budget would have to be made by the board.

"But if I know the board," he added, "they won't cut another cent off the estimates."

The board of education's estimate for public school purposes this year was originally $715,000. Elimination of $20,000 in maintenance estimates reduced that figure to $695,000 before the budget was submitted to council. Further cuts reduced the total to $679,000 and, finally, at a special meeting this week, to $670,000.

**REVENUE ANTICIPATED**

Board of education officials point out that with last year's mill rate and this year's increased assessment total, the board may expect revenue totalling $822,000.

With the budget fixed at $786,000 now, including $116,000 for interest, the board will have $36,000 to spare, he said. Because the $670,000 operating budget is $10,000 in excess of the limit in the refunding plan, the board will, if this total is allowed to stand, have to raise an additional $12,500 for the bondholders. Even with that additional amount, however, the public school rate of last year will still raise $23,000 more than the board requires to carry on under the present budget, Mr. Noble says.

## Case Delayed

### Hearing in Gatfield Will Adjourned at Request of Solicitors

Further legal action with respect to the mystery wills of the late William N. Gatfield, retired coal company executive, was delayed today until March 21.

Judge Mahon announced that the hearing scheduled for his chambers at 10:30 o'clock today was postponed at the request of solicitors.

Lawyers interested in the case have undertaken to draft an order directing an issue of the case, to be brought before Judge Mahon for approval. The case will then go to the Supreme Court for trial.

## Action Taken as Post Held By Con. Bennett Is Dropped By Board

### FORD MOTOR COMPANY LOANING VEHICLES WHICH WILL BE USED IN EXPERIMENT STARTING MARCH 21

THE Sandwich, Windsor & Amherstburg Railway inquiry gained sudden momentum in the past 24 hours, with two major developments occurring in the probe ordered by the Ontario Municipal Board. They were:

1. Announcement at last night's hearing by W. H. Furlong, K.C., railway board chairman, that starting Monday, March 21, four 25-passenger transit buses will be placed on the Amherstburg division in a test to decide whether losses of present trolley operation may be eliminated.

2. Disclosure yesterday that Con. George Bennett will be relieved of his duties as public relations manager when the rail board decides next Monday to abolish the position.

**Ford Buses Loaned**

THE bus experiment is made possible by the Ford Motor Company of Canada agreeing to loan the vehicles, which will be brought here from Detroit, Mr. Furlong stated.

He said he pointed out to W. R. Campbell, Ford president, that as the company is Windsor's largest taxpayer it is vitally interested in the transportation debt. Agreement on the bus test was then reached, though it is the first time the Ford firm has made such concessions to a municipality.

The buses will be driven by two trolley operators on the Amherstburg line who are familiar with the handling of vehicles of that type, asserted Mr. Furlong. For the first few days of the test, street cars will also be kept in operation in case buses cannot handle the traffic, and also to gauge public reaction.

**Mr. Furlong declared that if tests show that an Amherstburg bus service doesn't make a profit, he will recommend that the franchise be leased to a private company, "because we cannot afford to make money on city lines, and squander it on other divisions."**

**Scrap Value $20,000**

Chief Engineer Roy M. Dominey stated that the scrap value of tracks and overhead construction on the line would be about $20,000, or almost enough to cover the investment in three buses.

Current rumors that Con. Bennett was to lose his job came to a head Thursday afternoon when the former mayor and S.W. & A. trainman admitted he had received verbal notice from Mr. Furlong that the post of public relations manager was to be discontinued.

It is the third change in administration since the investigation opened a few weeks ago. John B. Aylesworth had been named company solicitor, while George A. Scott, mayor of Riverside, was appointed new auditor.

**Talks with Bennett**

Chairman Furlong explained that he had held "preliminary conferences" with Con. Bennet in regard to his duties.

"I assured him," he said, "that I would advise him beforehand of any action to be taken in regard to his position, and I kept my promise on Tuesday when I told him that at its regular meeting on Monday the railway commission would abolish his position."

"I took the 'front door' method," said the chairman further. "I told Mr. Bennett what was going to happen, and I gave him the opportunity of presenting reasons against the abolition of the position."

His discussions with the public relations manager have been "amicable," declared Mr. Furlong. On Monday, he said he would give a statement in regard to his action.

**Controller's Comment**

Questioned by The Star, Con. Bennett said Mr. Furlong told him his position isn't warranted on the S.W. & A.

**He had concentrated principally in keeping accidents to a minimum, Con. Bennett stated, and he believed he had succeeded in promoting safety to an appreciable degree.**

No date has been set for the controller's return to the trolleys, nor does he know to which run he will be assigned. But he implied that any line will be satisfactory.

As a result of his retirement from the public relations post, Con. Bennett will fill a role new to him—that of motorman. Previously, he had been a conductor on the Tecumseh line, but all cars are now "one-man" vehicles.

As for attending board of control meetings, he commented he would regard those occasions as "my day off."

As a motorman he will be paid on an hourly basis, the same as any other trolley operator.

Mr. Furlong's announcement about the test for the Amherstburg line came after the chief engineer of the rail-

CONTINUED ON PAGE TEN THIS SECTION

## Small Buses Are Favored

### Gasoline Type Wanted by Council's Special Committee

### Long Argument

### Brief Is Prepared for Submission to S. W. & A. Chairman

City council's special committee on transportation yesterday afternoon went on record as being in favor of a system of lightweight gasoline buses to supplant the street cars.

**21 TO 25 PASSENGERS**

Sponsor of a resolution to that effect, Con. Cooper declared vehicles carrying from 21 to 25 passengers would prove the most economical.

He was supported by committee chairman Ald. Martin and Ald. MacMillan, but Con. Bennett declined to endorse the motion on the ground that experts should determine the method of transit following experimentation with trackless trolley coaches and gasoline buses.

All were agreed that there should be a "progressive system of transition" as proposed by Con. Cooper, also that street railway equipment taken from an abandoned line ought to be utilized on other lines where needed. This, it was said, would prevent indiscriminate scrapping or waste.

Ald. Begley was the only absentee from the special meeting held in the office of City Solicitor L. Z. McPherson. Ald. Martin stated that Mr. Begley was ill.

**WILL PRESENT BRIEF**

Mr. McPherson produced a provisional draft of a brief and amended clauses during the discussion. The revised brief will be submitted to city council next Tuesday night, and to W. H. Furlong, K.C., chairman of the board of the Sandwich, Windsor and Amherstburg Railway Company, on Wednesday night.

While Mr. McPherson will present the council's official document to the railway hearing, members of council and board of control may offer comment. Con. Cooper stated definitely that he intends to furnish data on various forms of transportation to show why he favors the small buses.

Con. Bennett remarked that while some of the railway's present equipment might be regarded as obsolete, there is some that can be used for a long time.

**GRADUAL CHANGE SEEN**

"The change in the system will be gradual," said Ald. Martin.

Con. Reaume, who attended the meeting as "a guest," thought that lines which are not paying should be abandoned first.

"I would like to ascertain when the brief is presented," Con. Reaume said, "whether the street railway company is going to bear any part of the costs for fixing up the roadways in Ward Five. I don't know whether the company should do that legally, but I am of the opinion that the cars have affected the street."

Con. Bennett believed it would be incumbent on the city to finance any repairs or improvements.

Ald. MacMillan held that the company should pay a share.

Ald. Martin said that the bus companies in Detroit pay to the municipality three-fourths of a cent or one cent a mile for each vehicle, according to number of passengers, toward street maintenance.

"As long as street cars and tracks are in good condition," Ald. Martin added, "we should use them, with gasoline buses to help them out."

**BUS SIZE DEBATED**

"I am in favor of progressive transition," observed Con. Bennett, "but I am not prepared to say which type of vehicle is best. You can't convert me on the small type of gasoline bus because it could not give adequate service."

Ald. Martin: "They are used right in Detroit."

Con. Bennett: "But only as feeder lines. If they were operated alone

CONTINUED ON PAGE TEN THIS SECTION

AN INDEPENDENT NEWSPAPER
Founded in 1918 by W. F. Herman
The Star Publishing Co. of Windsor, Ltd.
Hugh A. Graybiel, President
Star Building, Ferry Street

# Editorial Page of The Windsor Daily Star

WINDSOR, ONT.
FRIDAY, MARCH 4, 1938

## Senator Meighen's Warning

There is probably no man in Canada who knows more about our railway situation than the Rt. Hon. Arthur Meighen, Conservative leader in the Senate and former Prime Minister.

Senator Meighen has been in public life for many years. He was a member of the old Union Government, succeeded to the Prime Ministership after the retirement of Sir Robert Borden and for a number of years led the Opposition in the Commons. He was high in party affairs during the years when the Canadian National system was taking shape and he has been a keen student of every phase of the problem's development. Indeed, it is safe to use the old expression and say that Mr. Meighen has forgotten more about the railway picture than most public men will ever know.

We make these remarks at this time because of Mr. Meighen's speech in the Senate this week, a speech occasioned by Senator Beaubien's motion to have a special committee of the Upper House consider the railway problem. Mr. Meighen was not opposed to the committee idea, but questioned the likelihood of getting any concrete result from such a move. He suggested that a major error had been made with the repeal of co-operative legislation based on the report of the Duff Commission, legislation which had been scrapped by the present Government, he charged, for reasons of political power and patronage. And if his information was within 50 per cent. of being correct, Mr. Meighen added, Canada had seen a restoration of political patronage on a scale hitherto unknown.

The Conservative leader was delightfully pointed. "I know," he said, "who acquired roads that were worthless; I know who built hotels that have had to be closed for years; I know who built boats that had to be tied up at docks; I know who made the National Railways a virtual appendage of the Liberal Party. I can name him now. I told him so to his face."

(Our Ottawa correspondent points out that during the greater part of the period to which Mr. Meighen was referring, Mr. Dunning, present Minister of Finance, was Minister of Railways.)

In explanation of the Duff Commission, Mr. Meighen explains that the main principle of its exhaustive report was that the administration of the publicly-owned Canadian National Railways should be removed from governmental influence altogether, and to reach that result the commission suggested that if the report were implemented by legislation the management of the road should no longer be answerable to governments, but to Parliament. Legislation along these lines was put through, but after a year and nine months of operation the Liberal Government repealed the legislation in its chief feature, restoring the supremacy of the Government.

"The commission's report today," Mr. Meighen observes, "is in ashes as to its main, central, cardinal feature. We have today a return of governmental operation directly under the Minister of Railways. . . .Some disappointment was expressed as to the achievement of the one year and nine months operation. That is not a long period. It would never give a fair trial to any system."

Despite the short period Mr. Meighen finds there were real accomplishments under the reform that followed the Duff Commission's report. We quote him in this respect:

> "This, though, was accomplished: a scale of precipitate indebtedness was reversed. For nine years, according to the report, we ran behind in the taking care of annual obligations, outside entirely of obligations to the Government, at the rate of $50,000,000 a year; and we ran in debt besides $50,000,000 more for new capital expenditure. We did not get rid of the $50,000,000 we were running behind in operation, but we did get rid of the whole $50,000,000 of new capital expenditure. The retirements in that year and nine months were greater than the increased capital investment.
>
> "I assess now responsibility for the mire we are in with respect to our National railways. We had nine years of a railway orgy under Sir Henry Thornton. We had nine years of railway debauch, during which years we went into debt at the rate of over $100,000,000 a year. And then we wonder at our railway problem."

Senator Meighen, in discussing suggestions for amalgamation or unification of the C.N.R. and C.P.R. makes a point that is usually overlooked. Mentioning the argument that it would eliminate competition and therefore be against the public interest, he states emphatically that we need never fear lack of competition, for all railways today have competition the like of which they have not known for a century—motor trucks and buses, the lakes and, now, the air services. Indeed, Mr. Meighen points out, the real sufferings of the railways today are from a contraction of the business they can do, owing to these other factors in the transportation field.

Mr. Meighen deplores, and properly, that the railway situation has become a political football. He has almost given up hope that anything can be done "as long as you are going to have these alternative governments smashing everything that has been done by the preceding government." Praising the success of efforts to solve the railway problem in Great Britain, the senator remarks that, "we could do something similar in Canada if we had the same healthiness of public opinion and the same character of political appeal they have in the Old Land—but we haven't." Then he added these significant words: "IF WE CONTINUE THE WAY WE ARE DOING NOW WE SHALL COME TO SOMETHING WORSE THAN UNIFICATION, TO SOMETHING LIKE OTHER COUNTRIES AND OUR PROVINCES HAVE COME TO. WE CANNOT CONTINUE ON THIS PATH."

Mr. Meighen is right, of course. We cannot continue on the present path. The railway problem, if allowed to go on as at present, will ruin Canada. Surely it is not too much to suggest that the head of our Government should appreciate this fact and be taking some steps to meet it. Ways and means, worked out by experts, have been suggested. There have been placed before the Ministry definite plans for easing the burden and bringing some sanity and order into the present chaotic, backbreaking situation. But what is the Government doing? What does it suggest? What moves does it propose to make? No one seems to know. If the Government has any thoughts on the subject it has succeeded in keeping them pretty much to itself. Meanwhile, the railway problem drifts—and Canada drifts. Mr. King's responsibility as leader of the Government is indeed a heavy one.

## *Remove the Obstacles!*

Mr. Meighen always says something worth while, but he never uttered a stronger sentence than when he told the Senate this week that unemployment figures will not improve "until some assurance is given, not only in this country, but also in another country near us, that it is going to be possible to expand in business without being regarded as a public enemy."

There is a wealth of meaning in that short statement. The trend of government in recent years has been to place obstacle after obstacle in the path of activity, by regulations and impositions calculated to discourage commerce and industry. It is no wonder that the situation has become so serious, particularly in the United States. Business does not know where it is going. It cannot plan for the future, for it never knows what the morrow will produce in the way of greater regimentation, heavier taxes, further obstacles.

The way to restore old time prosperity in the United States and Canada both is to remove some of the fetters from business, to produce genuine tax reductions, to ease regulations that are putting gray hairs into the heads of men who want to do their share in leading their respective countries out of the slough of depression or recession or whatever one chooses to call it.

In the language of the track, governments should give Business its head! Then we would see developments and progress truly worth while.

## *"Proof" of Hereafter*

Lawyers set a great store by testimony. It is not surprising, therefore, that Claude W. Rowe, a New York barrister, has collected testimony to aid him in deciding whether or not there is a God and a hereafter. He polled 692 colleagues and in his book, "The Lawyer's Proof of the Hereafter" quotes President Roosevelt as saying: "Attempts to deny God have and always will come to naught."

Mr. Roosevelt, of course, is correct. His statement recalls Voltaire, the eminent Eighteenth Century French philosopher, who admitted in his old age that he had spent his life trying to prove there is no God but that he had failed. Voltaire was one of the brightest minds of his day. He was an agnostic most of his life. When he tried to prove that he was right, he had finally to admit he was wrong.

## *Hydro Agreements*

The shadow of the new agreements with the Quebec power companies strutted across the political stages at Queen's Park and at Ottawa yesterday.

In the House of Commons, Mr. King gave a three-hour speech in which he discussed the matter of allowing power to be exported, and gave his reasons for referring the matter to Parliament.

In the Ontario Legislature, Hon. W. L. Houck, vice-chairman of the Hydro-Electric Power Commission, was at the same time voicing the Commission's reasons for entering into the agreements, and sharply answering the criticism of Mr. A. W. Roebuck, former Attorney-General.

The Prime Minister, by the very manner in which he couched his remarks, seems to have left the door open for the granting by Parliament of Hydro's application for the export of power. He suggested that there "must be many cases where it would be an injustice not to grant a license, provided the case is justified in the light of all circumstances and is judged on its merits." He did not, however, state the position his government takes on the issue.

Mr. King was charged by Mr. Bennett and Mr. Rowe with evading responsibility of taking a definite stand with regard to the application from Ontario. Mr. Rowe challenged the Prime Minister three times to tell the House his attitude to the Hepburn request, and Mr. King sat silent.

Mr. King, in lengthy and careful terms, explained why Premier Hepburn's personal request, made just before the end of the year, had at that time been refused. Mr. Hepburn pressed for an immediate assurance that Ontario would have permission to export electrical energy to the United States, and Mr. King found himself unable to give this, as he had previously informed two Quebec applicants that Parliament would be asked to decide on the matter of exports. Mr. King apparently did not tell Mr. Hepburn that the House of Commons would not grant the request. He did, however, inform him that the Government was unable to grant it, at that time. Hence Mr. Hepburn's anger, the definite split between Ottawa and Queen's Park and the events leading up to the present situation.

The Prime Minister was careful in his remarks not to add fuel to the fire. Deftly, he endeavored to say that the issue is not a particular one in which the Ontario Hydro's application is all that is at stake, but rather that it is a matter of general policy to be decided.

Mr. King, incidentally, rapped Mr. Rowe for suggesting that he, Mr. King, had been frightened by Mr. Hepburn. He chided Mr. Rowe with having sought cover in the House of Commons, instead of fighting his battles with Mr. Hepburn on the floor of the Ontario Legislature.

At Queen's Park, Mr. Houck appears to have made a good job of answering Mr. Roebuck, and there were times when he did not "pull his punches." His address was primarily a reiteration that the reason for the new agreements was the need for more adequate power supplies and the danger of the Hydro losing its case with the Beauharnois Company before the Privy Council.

## *A Poor Appeal*

We have received a copy of propaganda pamphlets issued by the Canadian Nationalist Party, which gives as its address P.O. Box 335, Toronto. It outlines the aims and objects of this group.

Like all other Fascist-inclined organizations, anti-Semitism seems one of its chief characteristics. Under the cloak of opposition to Communism, it attacks the Jews. "Unite solidly against the fact of Jewish international economic and financial domination. . . .Only under democracy can their tool—Communism—rise and flourish—to delude the oppressed masses of the people with its promises of an early paradise—a paradise where all are the slaves of their Jewish overlords and masters."

Judging the Canadian Nationalist party by its own pamphlets, we find that between the two evils—Communism and Fascism—there is little choice. We cannot imagine Canadians choosing either.

## *Essex Exports*

Importance to Essex County of its share of the exports of Canada was very clearly set forth by Mr. W. Donald McGregor before the Lions Club, which observed "Ford Night." He particularly referred to the exports of automobiles and parts, which, in 1936, amounted in value to $27,000,000. Of this total, $19,000,000 constituted the value of these automobiles and parts made in this county.

These figures suggest that every resident of the county should be vitally interested in Canada's trade policies. Upon the exports, particularly those of automobiles, the prosperity of the area largely depends. Mr. McGregor correctly states that manufacture of cars which are for other countries has enabled the companies to spread their employment over a much greater portion of the year than they would otherwise have been able to do. As all firms are seeking to even up employment over the year as much as is possible, this export business is highly important. Were it possible to double or treble it, one can readily see how much effect this would have in the matter of providing steadier work.

Mr. McGregor's address contained a multitude of statistics, proof that he has given much study to the matter of Canada's trade, particularly as it affects Essex County. It is not easy for the average citizen to work out for himself such a complete picture as Mr. McGregor gave, simply because the average man is not in a position to acquire all the essential facts. It is valuable, therefore, that the situation be explained as Mr. McGregor has done. For instance, how many people in the county were aware that Essex County last year exported $92,000 worth of ice! There are many things about one's own community that one does not know.

All trade is not, of course, export trade. Almost concurrently with Mr. McGregor's address statistics were released in Washington indicating the trend of imports by Canada from the United States. These figures show that automobiles, parts and accessories made up the largest item in point of value of the exports from across the border to this dominion. The value of this item was $50,700,000 in 1937 as compared with $37,800,000 in 1936, an increase of almost $13,000,000.

While trade is the interchange of goods and Canada cannot expect to export products if she does not import some, it does seem regrettable that there is such a volume of cars, parts and accessories imported when Canada has developed so many fine organizations for making them.

## *An Interesting Test?*

Not often do members of legislatures or parliaments resign their seats and seek a test of opinion in their constituencies in between general elections. However, Mr. Charles Cockroft, Social Credit member of the Alberta House for Stettler, suggests that he may do this before another session is called.

Mr. Cockroft was Provincial Treasurer and Minister of Municipal Affairs in the Aberhart Government, but resigned when he admitted that he could not see just where that administration was going in respect to its dividend promises to the people of the province. Apparently he still cannot see that it is making any progress in this regard. He will await the report of the Social Credit Board on its plans for the carrying out of the pledges of 1935. Mr. Cockroft proposes to then resign and ask the people of his constituency "to express their further desires."

The former member of the cabinet may not have such a bad idea at that. It might be a fairly good test of public opinion in Alberta in regard to Mr. Aberhart. However, when we see any member of any legislature voluntarily resigning in this manner and leaving his fate in the hands of the electors we shall then believe what we see.

## *Soldier Settlers*

Little fault will be found with the decision of the Dominion Government to extend until 1941 the bonus provision for soldier settlers in arrears on their payments. Under the plan, which otherwise would have expired this year, for every dollar a soldier settler pays off his arrears, he is credited with an additional dollar as a bonus. The extension will, however, apply to arrears of prior to March 31, 1938.

Soldier settlers have not had an easy time. In the first place most of them took up land when values were high. With falling prices for their products, and high interest rates and capital payments, many have failed, while others are still struggling to meet their payments.

The scheme may be regarded as a good deal of a failure. According to figures given at Ottawa, out of 25,000 settlers there have been more than 10,000 abandonments and quit claim deeds. The government has already written off $43,000,000 while $50,000,000 is still owing.

No doubt the soldier settlement plan was formulated for the very worthy purpose of re-establishing returned soldiers and in part payment of the services they rendered their country. It has proven no great boon, however, in cases where veterans have been loaded up with debt for most of their natural lives. Settlement schemes, housing schemes and other such public endeavors have for the most part been a financial failure, and have proven of no great benefit to most of those they were designed to help. Private initiative in such matters has been more successful.

## STARBEAMS

### Justifiable Homicide



Magistrate Hanrahan (banging severely): Next case!

* * *

A murmur of expectancy runs through the court.

* * *

Magistrate Hanrahan (twice as severely): Next case!

* * *

Prosecutor James Allan: "The Crown vs Joe Bungstarter."

* * *

Another murmur of expectancy runs through the court. And up the walls. It's the first time Joe's been pinched for almost a week!

* * *

Guilty, Your Worship.

* * *

I throw myself on the mercy of the court . . . But understand one thing . . . I'm NOT sorry! . . . It was excusable . . . I would do it again . . . In fact, it would be a pleasure.

* * *

What, sir? . . . I emptied every blinkin' chamber of my pistol at him . . . I sure did! . . . One bullet missed him, they tell me . . . I'm sorry about that . . . I wouldn't have had that happen for anything . . . Pity him? . . . Hah!

* * *

You want me to tell you my own story in my own way? . . . Gladly! . . . First of all, I didn't know the man . . . I never saw him before . . . You see, I wasn't shooting him as an individual . . . There wasn't anything personal in it . . . It was just a gesture . . . A gesture against something that has become unbearable.

* * *

It had been driving me mad for weeks . . . No one will know how I suffered . . . At first it didn't bother me . . . I only heard it intermittently . . . But soon everybody was doing it . . . My eight little boys came home with it . . . Then my seven little girls! . . . Then my one wife! . . . That's what she thinks . . . Anyway, then the people upstairs . . . The milkman, the butcher, the postman, the garbage gatherer-upper!

* * *

What's that, Your Worship? . . . Get down to the actual slaying? . . . Very well . . . As I said, I never saw him before . . . I sensed dimly that somebody was begging, please, to let him explain . . . I remember it startled me and I began to get jittery . . . Then I looked around and saw the fellow . . . I distinctly heard the words.

* * *

Magistrate Hanrahan: The words?

Joe: Yes, Your Majesty, the words "Bie Mir Bist——"

Magistrate: "Du Schoen?"

Joe: That's it, Your Highness.

Magistrate (fiercely): "And did he say bie mir bist du schoen means that you're grand?

Joe: Exactly. Again he said he'd explain—

Magistrate: That it meant you're the fairest in the land?

* * *

The prisoner nodded.

The spectators were standing, to a man.

Magistrate: Then what?

Joe: He said he could sing bella bella!

Magistrate: Could sing Vunder Bar?

Joe: No, but he mentioned various other places.

* * *

Magistrate: Case dismissed, with the compliments of the court. Also the compliments of the community. Court stands adjourned. And, say, what are you doing for the next few minutes?

Joe: Nothin' special.

Magistrate (taking a shotgun from under his desk): Come on with me. I know a few people who are always singing it. What's that you said each language did?

Joe: Each language only helps me to tell you—

Magistrate: How grand you are?

Joe: Yes, bie mir bist—

* * *

Jimmy Allan (killing them both with an axe): Well, they can't say they didn't ask for it.

### The Simple Life

(Walpole Island items in Wallaceburg News)

Miss Robinson and Mrs. Poland, Detroit, accompanying Miss M. Williams to the Island this week, that Miss Robinson will stay at her cottage this week end.

**Commodore's Hotel**

May be built this summer, the Commodore Mickle mentioned last week, only the insurance part will definitely settle the plan, and the site may change a little, says he; so the world is moving.

The Chief and Council met with a full crew, dispensing of plenty of business. The council passed a motion favoring to protect wild game, quail, pheasant, muskrat and deer, for a term of two years, to experiment, if the game mentioned to increase, that the inhabitants may enjoy with plenty of game after the two years protection. It was expressed that all members could co-operate in this movement, and see if results can be obtained, on this reserve, of course. Headquarters at Ottawa will have to approve this motion.

New janitor was appointed, Mr. Peter Altiman is the new government man taking the place of Mr. Henry Navarre who is detained up north.

**L.O.L. No. 1077**

The Orangemen met at the Orange hall Monday evening March 7, the election took place, and officers were elected and installed, as follows: W.M., H. B. Williams; D.M., Wm. Fisher; Chap., Dan Tooshkenig; Rec.-Sec., Wm. Peters; Fin. Sec., Edwin Jones; Treas., Jaynes Altiman. The meeting was well attended. This lodge very much in deficit, and the new officers are planning to strive for a clean slate, by all means this year. The installing officer, P.M. Mr. Dan Tooshkenig. Speeches were made by the newly elected officers, two old members, Mr. Tooshkenig being a member over 40 years and ex-chief W. Peters over 50 years, the old stand bys of the Orange Lodge on Walpole Island, they built the Orange Hall, now owned by the members of the lodge, they appealed to the young and old of the reserve, that this organization should be uplifted by the whole community of the reserve, where there is good 90 per cent. protestant community. No reason to have a good membership. The lodge with full equipment for lodge work.

* * *

Oak!

—R. M. H.

## Glancing Up and Down the Universe

It looks like war.

Or, at least, less peace.

When Blum comes in France, can our blooms be far behind?

"Quebec Votes Brunette for Ideal Beauty," says a Montreal headline. Thus does the Ancient Province redeem itself.

World's chess champs are about to play for a side bet of $25,000. Maybe we're wrong, but it seems like big money for just frowning the hardest.

"Insurgents Smash Government Defenses," says a Hendaye headline. That's the Spaniards, for you. Usually this announcement isn't made till Saturday!

German Nazis say anything goes now, and bloodshed will be "Austria's fault." If a guy shoots at you and hits you in the pants, who's to blame? *You*, you sap!

Saskatoon man woke up during the height of a blizzard and saw a thief reaching through the window for his pants. Motto: Believe the weather forecasts, and wear your pants to bed.

U.S. Secretary of the Interior Ickes charges there's a "conspiracy" against public projects. Perhaps not so much a conspiracy as a feeling that the country'd be a whole lot better off without politics.

"Floodless Spring Predicted, But Ohio Valley Wary," says a Pittsburgh headline. And why not? Floodless springs have been predicted ere this.

As only one political party, the Fatherland Front, is recognized in Austria, Sunday's election may be more or less a farce—except, of course, for the manufacturers of adhesive tape, gauze, iodine and coffins.

Recent snowstorm in Montana, we see, "piled drifts to the tops of telegraph poles." Let's see, now. The last time we climbed telegraph poles, they were about 35 feet. Some snowstorm, brother, some snowstorm!

Rt. Hon. Neville Chamberlain tells the Opposition in the British House of Commons that England should hold aloof from the League of Nations because the United States has done so. Well, as it turns out, you couldn't want a better reason.

The fact that a chap in New York actually crawled through a keyhole is somewhat dimmed in its intensity by the fact that the keyhole was more or less one foot high by something like half a foot wide. Why, any star reporter in a newspaper movie could not only have crawled through but dragged the managing editor's daughter after him—to provide the "heart interest."

## Politics—and Other Subjects

### Canadian Legion

MR. H. C. GREEN, Conservative member of the House of Commons for Vancouver South, recently took exception to certain statements made by Mr. A. W. Neill, Independent, Comox-Alberni, with respect to the Canadian Legion. They argued it out as follows:

Mr. Green: "One remark made by my good friend the honorable member for Comox-Alberni (Mr. Neill) I think was unfortunate. Perhaps he did not mean to go quite so far in his attack on the officers of the Canadian Legion. It would be too bad if the committee got the impression that the Legion is made up of ex-officers or wealthy men, because such is not the case. I think the Legion, as well as other soldier organizations across Canada, represents all ranks and all classes."

Mr. Neill: "I did not say 'made up of,' I said 'managed by.'"

Mr. Green: "Well, all these soldier organizations are doing the best they can for the returned soldiers of Canada, and as a returned soldier myself I should like it made clear that there is no question of them being led by wealthy men or ex-officers."

### From Experience

"CONSERVATIVES should stop internal wars," says Colonel Drew. That's a subject on which George has had personal experience.—Stratford Beacon-Herald.

### Soldier Settlers

MORE than one-half of the original soldier settlers have abandoned, or given quit claim deeds, to their land, according to the following figures given in the House of Commons by Mr. M. J. Coldwell, C.C.F., Rosetown-Biggar:

| | |
|---|---|
| Original number of soldier settlers | 25,017 |
| Present number of soldier settlers | 9,888 |
| Number of abandonments, quit claims, etc. | 10,439 |
| Number of civilian purchasers | 5,790 |
| Number of British families | 1,790 |
| Number of repaid loans | 6,566 |
| Number of properties on hand: | |
| Leased, 1937 | 1,887 |
| Unoccupied | 708 |
| | 2,590 |

### Soil Drifting

SOIL DRIFTING is a comparatively recent problem on the prairies, says T. F. Donnelly, Liberal, Wood Mountain, who explains:

"Then we come to soil drifting. For years most of us did not know what soil drifting was. I have been farming in Western Canada for some thirty years, and for probably twenty-five years of that time we did not know what soil drifting meant. It is only in the last few dry years that it has become a problem. I believe that when we have rain again, as we hope we shall in the near future, we shall not be troubled with soil drifting."

#9 120065

# Rationalization of British Railways

by

W. L. WATERS

Presented before the American Society
of Mechanical Engineers, Railroad Division,
Metropolitan Section,
New York, May 11th, 1938

New York.
1938

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120066

THE author was born and brought up in England, graduating in civil and mechanical engineering from the London University. After serving an apprenticeship in railway shops he came to Canada and the United States where he engaged in manufacturing engineering on power and railway equipment. For the last 18 years he has been in consulting engineering practice in New York, with transportation and industrial activities. He is a Member of the American Society of Mechanical Engineers, the American Society of Civil Engineers and the Engineering Institute of Canada.

Recently in England he made a study of the results of the consolidations under the Railways Act of 1921; and in the study the railways, the labour executives and the government bureaus were kind enough to assist with information, advice and criticism. The paper outlines some of the important facts he was able to develop.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

THIS REPRINT IS RESPECTFULLY
SENT TO YOU IN THE HOPE THAT
YOU MAY FIND IT INTERESTING.

W. L. WATERS
[illegible] Nassau Street
New York City

120067

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

# PUBLIC ARCHIVES
# ARCHIVES PUBLIQUES
## CANADA

# Rationalization of British Railways

120068

The Railways Act of 1921 which consolidated the railways of Great Britain into four large systems divided roughly on geographical lines, described itself as an Act to promote the "more efficient and economical working of the railway system of Great Britain". It was a compromise in a difficult situation.

On the outbreak of war the Government had taken over the control of the railways, guaranteeing the net receipts of the individual companies on the 1913 basis and to return them to the owners unimpaired at the end of the war. Immediately following the war the Government found itself in possession of the railways in an impaired condition and with personnel seriously affected as the result of the war. Wages and the prices of fuel and supplies were more than double pre-war; and labour as a reward for its sacrifices during the war was demanding an eight hour day with the continuation of its war time bonus and wages.

In 1919 the Government introduced for all members of the wages staff an eight hour day instead of the pre-war nine to twelve hour; and in 1920, as the result of negotiations after a one week strike, wages were established on a weekly level just under the then wages and war bonus, with the balance to fluctuate with the 'Cost of Living Index' until wiped out by the fall of that index. This resulted in railway wages in 1920, figured on an hourly basis, averaging about three times pre-war. As passenger rates had been increased less than 50 per cent since 1913, and freight rates with minor exceptions not at all, the Government increased freight rates to about 110 per cent and passenger rates to about 75 per cent over pre-war. Yet in spite of these increases the railways were being operated for the Government at a heavy loss; and in the 20 months ending August 1921 (due largely to a coal strike and deferred maintenance expenditures) the railways had failed to earn their operating expenses by £12,000,000 ($60,000,000). Hence the necessity for Parliamentary action to promote the "more efficient and economical working of the railway system".

Commercial interests wanted lower freight rates; labour wanted the continuation of the high wage scale; and the railway companies wanted the properties back with some assurance in regard to their earning capacity, and they wanted the £60,000,000 ($300,000,000) which as a compromise had been agreed upon as compensation for the increased costs of the arrears of maintenance and other matters. So it is not difficult to understand the



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120069

pressure there was on all interested to make concessions and arrive at a compromise. The Labour Party wanted, and at least one member of the Government appeared to favour, nationalization of the railways. But the public generally was tired of the rigid war time control and was not satisfied that the railways could be operated effectively under a civil service. The shippers, in particular, were strenuously opposed to nationalization; and the more conservative of the labour leaders realized that the possibility of maintaining their high wage scale and at the same time giving the lower freight rates which the shippers were clamouring for, lay in the energetic initiation of reforms by private enterprize, rather than in a slow moving rigid bureaucratic organization such as the Post Office.

The Government proposed to consolidate the railways into a limited number of systems under the control of the Ministry of Transport, and to safeguard the interests of labour by specifying (1) That employees should be represented on the boards of directors of the amalgamated railway systems, and (2) A continuation of the existing Central and National Wages Boards originally set up in 1919 to regulate wages and conditions of labour. The chambers of commerce and the railways strenuously opposed employee representation on the boards of directors; and labour leaders realized that a minority representation on the boards might be of little actual benefit to labour, while the responsibility resulting therefrom would seriously curtail its freedom of action. This feature was accordingly abandoned when it was agreed that labour should have equal representation with the railways on the wages boards and that the existing wage scale and employees jobs were to be maintained. The Act as passed safeguarded railway labour by specifying that no employee of five years standing should as the result of the amalgamations be in any worse position as regards pay or rights; and that any who did so suffer were to receive compensation as decided by arbitration. This clause protected employees from losses resulting from the amalgamations; but it did not safeguard them against being laid off as the result of a depression. In a depression the railways were under a moral obligation to protect the 70 per cent of the employees who were considered to be 'permanent', and who, as such, had at the joint request of the railways and the labour unions been 'excepted' from the national Unemployment Insurance commonly known as the 'dole'. The other 30 per cent who were not classed as 'permanent' came under the protection of the national Unemployment Insurance in case of lay-off. This latter group consisted of shopmen, casuals, auxiliaries, etc.; and there have actually been very few lay-offs of such employees, as in a depression the railways and the labour unions combine to work out short time schedules, etc. to care for these men.

The Railways Act, passed in August 1921 and which went into effect January 1st, 1923, amalgamated the 120 standard gauge railways of Great Britain (excluding the London underground systems), with about 20,000 miles of route, into four geographical groups and about half a dozen jointly owned lines which had a total of about 600 miles; and it specified the conditions under which they should operate. It placed the



120070

process of amalgamation under the Amalgamation Tribunal, rates under the Railway Rates Tribunal, and wages under the National Wages Board.

The public and the commercial interests wanted lower freight and passenger rates which, as stated above, then averaged about 110 per cent and 75 per cent respectively above pre-war. The Act specified that the existing rates should continue in force until the Railway Rates Tribunal fixed new rates to yield the standard return for the railways, to go into force at a date which was subsequently fixed by the Tribunal as January 1st, 1928. But the railways voluntarily reduced rates from time to time, until in 1927 freight rates were about 63 per cent and passenger rates about 50 per cent over pre-war. In 1928 and subsequently many rates were still further reduced. Both passenger and freight rates were, however, increased 5 per cent in October 1937. Yet at the present time, despite the fact that railway unit operating costs are about double pre-war due to the increased prices of labour and materials, the level of railway charges as a whole is only about 50 per cent higher than pre-war, which figure corresponds closely with the increase in the cost of living.

The public also wanted the competition of pre-war days, and at the same time it wanted the convenience of the unified railway system. The grouping of the railways on geographical lines, however, largely eliminated competition except at common points where the systems overlapped; and the shippers were fearful of the effect this would have on the service. But they soon found that as a result of the increased enterprize of the managements, the short routing of shipments, and the elimination of clerical work and delays resulting from transfers between different lines, conditions had improved rather than suffered. So satisfied were they as to the results from this elimination of competition, that in 1932 they agreed to the pooling of freight traffic at all common points so that the most convenient depots and the most economic routes would be available for all shipments. The privilege of using passenger return tickets on any alternative direct route was also introduced at the same time. So the pre-war competition with its extravagancies has now virtually disappeared, with resulting benefits to both the public and the railways.

Though the British railways are not yet above criticism, the reduction in rates and charges, the increased speed and convenience with which freight and passengers are now handled, the co-ordination of highway and rail services (both freight and passenger), and the introduction of many special passenger services make it impossible that the public would ever consider reverting to the conditions of 15 years ago.

Thus the shipping and traveling public has obtained much of what it wanted, and far more than it expected from the Railways Act.

The railway companies wanted their pre-war prosperity as represented by the standard return which was based on the 1913 net earnings plus an allowance for later capital expenditures, and which total was equivalent to a return of about 4.7 per cent on the invested capital. But



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120071

they have never obtained this. In 1929, their best year, they realized 88 per cent of the standard return, and in the 14 years to 1936 they averaged 70 per cent of it. During this 14 year period the railways expended about £200,000,000 ($1,000,000,000) in physical betterments, partly to make good accrued wastage and partly to effect economies. This money came principally from renewal reserves and depreciation funds,—less than 7 per cent of it being charged to new capital, the interest on which resulted in increasing the standard return the railways were entitled to earn. This money was spent for new locomotives and cars, track improvements, signaling, shop equipment, improvement in freight depots, new freight handling equipment, etc. The railways also introduced a vast amount of improvements in operating details. But the maximum economies possible from the use of new equipment and methods of operation have been restricted by staff questions as the Railways Act protected the jobs and rights of employees; and the railways have been scrupulous in observing the spirit of this clause in the Act and in safeguarding human relations when handling their employees. Though exact figures are not available, the railways estimate that less than one per cent of the total employees were dismissed as the result of the amalgamations; and in most of these cases the financial compensation was settled amicably, few cases going to arbitration. Also in the closing of shops, depots and offices the railways moved very cautiously so as not to penalize any locality by removing railway activities until new industrial developments had replaced them in the commercial life of the community. So it will be a generation from the date of amalgamation before the railways will reap the full economic benefits to be expected under rationalization.

Whereas when the Act was passed a time of increasing business activity was expected, the period since 1923 has been one of fluctuating national prosperity. From 1923 to 1932 railway gross revenues decreased 24 per cent, net ton-miles 22 per cent, receipts per train mile 30 per cent for passenger and 14 per cent for freight. Further,—the development of common carrier highway truck and bus competition, and the use of the privately owned motor car and truck, has had a serious effect on the merchandise and passenger traffic of the railways. So it is not surprising that the railway companies have not to date been able to fully realize the financial benefits possible under rationalization. As business improves and highway traffic is brought under better control, and personnel conditions permit the introduction of the labour saving equipment and methods which the railways have planned, they expect to obtain all the financial results that were anticipated. But they have not obtained them to date.

Without the improvement in operating efficiency which resulted under rationalization the combination of the high war time wages for labour which have been substantially maintained to date, the increased prices of materials, and the reduction in freight and passenger rates from their 1921 level would have meant bankruptcy for probably one-third of the rail mileage of the country, with consequent injury to the whole financial system of trust funds, insurance investments, charitable endowments, etc. This im-



120072

provement was not alone that resulting from such items as joint use of rolling stock and facilities, short routing of traffic, standardization of equipment, consolidation of shops, offices, etc. which would naturally be expected from the grouping of a number of railways. The managements realized that rationalization meant a new era for the railways. They were shaken out of their pre-war conservatism, and they became eager to make improvements in operation; and to facilitate this introduced widespread changes in accounting, research and administration. The general attitude and effectiveness of railway labour also improved greatly, as the men saw they could expect to hold their gains only if the railways prospered. The machinery set up to facilitate the prompt settlement of questions affecting the interests and welfare of the staff worked well; and the sensible attitude of the labour leaders resulted in increased respect for the railway trade unions. The result was that despite a large element still favouring socialization of the railways, a spirit of co-operation and general desire to do their best replaced the almost hostile attitude on the part of the men which had at times been in evidence before the war.

It is not possible to apportion the extent to which the improvement in operation of the railways has been due to each of the various features which were directly and indirectly the consequences of the Railways Act. They must all be grouped together as the *total net results* under the rationalization of the railways; and the really remarkable character of these results is indicated by the comparison of the operating results of 1913 and 1936 given later in this paper.

Labour, more than any other interest, has gained by the rationalization of the railways, because it enabled the trade unions to consolidate and hold all the gains made between the outbreak of war and the commencement of amalgamated operation; and further, labour secured a very effective system of settling disputes with the railway managements.

Prior to the war railway wages and hours of labour in Great Britain were in a more or less chaotic state and varied with the cost of living and the general wage scale in the districts. The weekly wage rates for the same class of rail labour varied 30 per cent between the different localities; and the regular weekly hours on which the wage rates were based varied from 48 to 76 for the different classes of labour, four per cent of the employees having wage rates based on over 72 hours per week; and there were erratic rules as to over-time and Sunday and night work. During the war the wage scales and hours, generally speaking, remained unchanged; but to compensate for the increased cost of living all grades of railway labour received an additional compensation known as the War Bonus, which in 1920 amounted to about 38/- ($9.50) per week.

In 1919 when the Government granted an 8-hour day to all members of the railway wages staff in Great Britain, it set up a Committee to review the rates of pay and the conditions of service with the railway trade unions; and a comprehensive National Agreement covering all the railways of Great Britain was worked out. Except for locomotive and train crews,



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120073

switch and signalmen, the new rates were on a town and country basis, the London rates being about 8 per cent higher and the rural rates about 8 per cent lower than the rates in the industrial areas of the country. These new weekly rates were about 100 per cent higher than the average English pre-war rates, plus an allowance varying with the cost of living, which allowance has gradually disappeared since as the cost of living has fallen. As the wage scale was on a weekly basis and the work day was changed to an 8-hour from a 9 to 12-hour and the classification of overtime was tightened, the *increase in hourly* rate of pay compared to pre-war varied from 120 to 200 per cent according to the class of labour and the locality, *after* the cost of living differential had disappeared. The benefits to labour of the Agreement can be seen from the following figures giving the *average actual annual* earnings for all employees in the standard gauge railways of Great Britain in various years.

| *Year* | *Average annual earnings* |
|---|---|
| 1913 | £ 76 ($380) |
| 1923 | 182 ($910) |
| 1929 | 180 ($900) |
| 1936 | 178 ($890) |

And when considering the above annual earnings for post war years it should be remembered that the *average* weekly working hours have been decreased about 18 per cent since 1913.

The variations in the post war annual employee earnings are due to changes in the cost of living differential and a temporary reduction in the wage scale in 1936. The figures indicate that the *average actual yearly earnings* of all classes of railway employees in Great Britain are now about 130 per cent higher than pre-war, as compared with about 45 per cent in the cost of living.

There were also set up to handle railway staff questions: Local Departmental Committees and Sectional Councils to deal with hours, welfare, operation, application of wage agreements, etc. at particular depots and on sections of the individual railways; a Central Wages Board and finally a National Wages Board to handle questions of wages, etc. on which there had been a failure to agree. The first three of these were constituted of an equal number of representatives of labour and the railways. The National Board had in addition to these, representatives of the public and an independent government appointed chairman. The decisions of these various boards were none of them binding on labour or the railways. But except in a few cases the decisions of the National Board have satisfied both parties; and in these exceptional instances subsequent direct negotiations between the railways and the trade unions resulted in agreement.

After 15 years experience with this machinery for negotiation it was revised in 1935. The titles of the Central and National Wages Boards were changed to Railway Staff National Council and Railway Staff National Tribunal respectively, to indicate that they dealt with all staff



120074

questions and not merely wages; and an important change was made in the National Tribunal. The National Wages Board had consisted of six railway representatives, six trade union representatives, four representatives of the public, and a government appointed chairman. The new Railway Staff National Tribunal which has replaced it, consists of one railway representative, one trade union representative, and a chairman appointed by agreement, or failing such agreement to be appointed by the Minister of Labour. The chairman is virtually the sole arbitrator of all matters; and by agreement any question can be referred to him for decision without being formally presented to the Tribunal. Direct conferences between the railways and the trade unions are also made a part of the machinery; and it is specified that no question can be referred to the National Council or the National Tribunal unless there has been failure to agree in such a direct conference. In the formal Agreement it is also specified that "The Railway Companies and the Railway Trade Unions shall use their best endeavours to avoid publicity or propaganda in respect to any question while it is under consideration". These changes from the original negotiation machinery set up by the Railways Act are quite important. They indicate the conviction of the railways and the trade unions that their disputes should be settled by direct negotiation between themeslves, and that the public or the government should have no part in them.

As indicating the improved standing of labour in the railway organization since rationalization, it is interesting to note that whereas in the Railways Act and 15 years ago employees were officially known as "servants" of the railways, now they are known as the railways "staff".

The above indicates the more important benefits that rail labour and the public have obtained under the rationalization of the railways of Great Britain considered in its broad and total effects. It is also interesting to see what benefits the railways have obtained from the more effective use of labour which has resulted from the consolidations with their accompanying physical betterments and improvements in operation and administration. To make such a comparison it is necessary to go back to the conditions in 1913. The reason for this is that on January 1st, 1923, the official date of formal amalgamation, many of the more obvious possibilities of unified operation had already been put into practice. From 1914 on, during the period of government possession the railways were largely operated as one unit and many arrangements were made for the economic routing of traffic, the common use of equipment and facilities, and for joint services. And when in August 1921, on the passage of the Railways Act, the railways were handed back to the companies, not only were many of these arrangements continued, but further arrangements, consolidations and informal partnerships were made in anticipation of amalgamation; and these resulted in immediate substantial savings of a permanent nature. These informal arrangements were accelerated because of the clause in the Act which specified that after amalgamation the railways would be permitted to retain in addition to their standard return an amount equal to one-third of the annual savings effected prior to the date of amalgamation. Net earn-



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120075

ings in excess of this amount, when considered to be permanent, were to be alloted 80 per cent to reduction in rates and the other 20 per cent was to be added to the standard return which the railways were permitted to earn. As a result of all this a considerable part of the immediate benefits to the railways which were expected under rationalization were already existent in 1923. To obtain a true picture of the way in which the improvement in operation developed under rationalization it is necessary to compare the results of 1913 with those of 1923 and subsequent years.

It is not possible to go into elaborate detail. But a simple and instructive comparison can be made by taking in each year the average train-miles (passenger plus freight) per man-hour of all employees in railway service proper, i.e. exclusive of hotels, docks, etc. This is because under English conditions train-miles are a very fair measure of the work a railway has to perform, since 85 per cent of the train miles are determined by the passenger and merchandise traffic, the servicing of both of which is decided by public convenience and cannot be curtailed at the will of the railway. These figures for all the standard gauge railways of Great Britain combined, are given below. The man-hours have been determined from the average number of employees in each year, with the normal average rated work hours of 58 per week in 1913 and 48 in post war years (House of Commons Documents), and with the percentage of overtime, short time, sick leave and holidays estimated from the information available.

| *Year* | *Man-hours per train-mile* |
|---|---|
| 1913 | 4.43 |
| 1923 | 4.08 |
| 1936 | 3.02 |

That despite the benefits from consolidation which were already in force in 1923 the average man-hours per train mile in that year were only 8 per cent less than in 1913 was probably due to the betterment and deferred maintenance work in progress in 1923, and because the railways had not then fully recovered from the disorganization resulting from the war. With the completion of the program of betterments and the deferred maintenance, and as economies in operation were gradually introduced by the railway managements as the natural wastage of personnel through death and retirement permitted it, the increasing effectiveness of labour under rationalization became evident. This is indicated by the further decrease of 26 per cent in the man-hours per train-mile in the next 13 years to 1936.

These figures indicate that if in 1936 labour had only been as effective as in 1913 the total number of employees in the former year would have been about 46 per cent greater than it actually was. Assuming this percentage applies uniformly to all classes and grades of labour,– and informed investigation indicates that this assumption introduces only a small error,– the total increase in the 1936 payroll for all the standard gauge railways of Great Britain (excluding the London underground system) would have been £40,800,000 ($204,000,000). It is estimated that there



120076

would also have been an increase of about £1,500,000 ($7,500,000) in the cost of fuel and supplies if 1913 equipment and standard of operation had existed in 1936. If the railways had incurred this additional expense of £42,300,000 ($211,500,000) for labour and materials in 1936 they would have shown a net operating deficit of £8,900,000 ($44,500,000) instead of the net earnings of £33,400,000 ($167,000,000) which they actually showed. This saving of £42,300,000 ($211,500,000) is about 26 per cent of the gross revenues for the year, and represents a reduction of about 24 per cent in what the operating expenses would have been with the 1913 standards of efficiency. There was a further saving resulting from the reduction in train miles due to pooling of traffic, closing of branch lines, short routing of shipments, common use of freight cars, etc. in 1936. It is not possible to estimate this, but under the liberal service which public convenience requires in Britain the net percentage saving was not large.

Many of the statements made above are of necessity only approximate due to the limited amount of detailed information available. But as the railways, the labour executives and the government bureaus have been kind enough to assist with information, advice and criticism, it can be assumed they are reasonably accurate.

As previously stated it will be a generation before the full benefits under the rationalization of the railways of Great Britain and its attendant possibilities are realized. But the saving of £42,300,000 ($211,500,000) in 1936, *most of which went to the shippers in reduced rates,* indicates the progress made to date; and the increased effectiveness of labour explains why it is possible to pay labour such greatly increased wages while still keeping freight and passenger rates at a level comparable with the cost of living. However, it must not be forgotten that though wages and salaries constitute two-thirds of the operating expenses of the railways, the effectiveness of labour is only one of the items affecting their prosperity.

Since rationalization the railways have never earned their standard return, and over the last 15 years have averaged only 70 per cent of it. These poor earnings have been largely due to the reduction in freight and passenger rates, the disturbed economic condition of the country prior to 1927 and to the depression since 1930. But if Great Britain experiences years of prosperity such as were foreshadowed in 1927 and 1929 it seems likely that the hopes shared 15 years ago by the public, the progressive railway managers and the labour leaders will be realized in the next 10 or 15 years. The railways should then be earning their standard return plus a satisfactory margin which will permit further reduction in rates; while rail labour, no longer subject to the pre-war conditions of low pay and poor morale, should through still higher wages be sharing in the prosperity of the properties. This will have been the result of the co-operation of the public, the enterprize of the managements, and the common sense policy of the labour leaders.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PRINTED IN U.S.A.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120077

R E S O L U T I O N.

WHEREAS there is an insidious and vicious propaganda to discredit the good name of the Canadian National Railways and their benefit and usefulness to the people of Canada, and

WHEREAS those responsible for the underhand propaganda having apparently done what can be done under cover are now coming out publicly and into the open in an attempt to educate the general public to their way of thinking, in order that, when the opportune moment arrives, they may have public support in their endeavours, and

WHEREAS we are fully aware that this has been and is being done, not in the best interests of the people of Canada as a whole, but only in the interests of a favoured financial minority, who are largely citizens of other countries, and

WHEREAS we are decidedly against a monopoly, of any kind, and more particularly against one that would affect and cover one of the most vital things in the life of our country, its rail transportation system, and

WHEREAS the reason we are opposed to the monopoly, not only cover the question of the welfare of thousands of railroad workers in particular, but the welfare of all the citizens of Canada as a whole,

BE IT THEREFORE RESOLVED that this meeting of railroad men and representatives, citizens of the town of Dauphin and surrounding districts, hereby go on record as being absolutely opposed to any move by any party, or parties, which would tend to destroy the identity of the National Railways by pooling, amalgamation or unification with any private concern to constitute a monopoly of rail transportation in Canada, and

BE IT FURTHER RESOLVED that a copy of this resolution be forwarded to

Rt.Hon.McKenzie King, Prime Minister.
Rt.Hon.R.B.Bennett, Leader of the Opposition, in Federal House.
Hon.C.D.Rowe, Minister of Transport.
Hon.Norman Rogers, Minister of Labor. W.J.Ward, M.P.
Senator Dandurand, Senator Meighen. Senator Asseltine.
Senator Murdoch, Hon Robert Hawkins. Hon John Bracken.
Errick Willis. J.S.Woodsworth, Leader of C.C.F. Federal House.
J.Blackmore, Leader of Social Credit, Federal House.

To the Council of the Town of Dauphin. Dauphin Board of Trade.
The Canadian Manufacturers Association.

Dauphin, Manitoba.
May 28th, 1938.

Moved by A.J.Middleditch.
seconded by W.Dagg.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

# How the *British* Solved their *Railway Problem*

By W. L. WATERS, C.E.

THE Railways Act of 1921 which consolidated the railways of Great Britain into four large systems divided roughly on geographical lines, described itself as an Act to promote the "more efficient and economical working of the railway system of Great Britain." It was a compromise in a difficult situation.

On the outbreak of war the Government had taken over the control of the railways, guaranteeing the net receipts of the individual companies on the 1913 basis and to return them to the owners unimpaired at the end of the war. Immediately following the war, the Government found itself in possession of the railways in an impaired condition and with personnel seriously affected as the result of the war. Wages and the prices of fuel and supplies were more than double pre-war, while labour, as a reward for its sacrifices during the war, was demanding an eight hour day with the continuation of its war time bonus and wages.

In 1919 the Government introduced for all members of the wages staff an eight hour day instead of the pre-war nine to twelve hour; and in 1920, as the result of negotiations after a one week strike, wages were established on a weekly level just under the then wages and war bonus, with the balance to fluctuate with the 'Cost of Living Index until wiped out by the fall of that index. This resulted in railway wages in 1920, figured on an hourly basis, averaging about three times pre-war. As passenger rates had been increased less than 50 per cent since 1913, and freight rates, with minor exceptions, not at all, the Government increased freight rates to about 110 per cent and passenger rates to about 75 per cent over pre-war. Yet in spite of these increases the railways were being operated for the Government at a heavy loss; and in the 20 months ending August 1921, the railways had failed to earn their operating expenses by $60,000,000. Hence the necessity for Parliamentary action to promote the "more efficient and economical working of the railway system."

Commercial interests wanted lower freight rates; labour wanted the continuation of the high wage scale; and the railway companies wanted the properties back with some assurance in regard to their earning capacity, and they wanted the $300,000,000 which, as a compromise, had been agreed upon as compensation for the increased costs of the arrears of maintenance and other matters. So it is not difficult to understand the pressure there was on all interested to make concessions and arrive at a compromise. The Labour Party wanted, and at least one member of the Government appeared to favour, nationalization of the railways. But the public generally was tired of the rigid war time control and was not satisfied that the railways could be operated effectively under a civil service. The shippers, in particular, were strenuously opposed to nationalization; and the more conservative of the labour leaders realized that the possibility of maintaining their high wage scale and at the same time giving the lower freight rates which the shippers were clamouring for, lay in the energetic initiation of reforms by private enterprise, rather than in a slow moving, rigid, bureaucratic organization such as the Post Office.

The Government proposed to consolidate the railways into a limited number of systems under the control of the Ministry of Transport, and to safeguard the interests of labour by specifying (1) that employees should be represented on the boards of directors of the amalgamated railway systems, and (2) a continuation of the existing Central and National Wages Boards originally set up in 1919 to regulate wages and conditions of labour. The chambers of commerce and the railways strenuously opposed employee representation on the boards of directors; and labour leaders realized that a minority representation on the boards might be of little actual benefit to labour, while the responsibility resulting therefrom would seriously curtail its freedom of action. This feature was accordingly abandoned when it was agreed that labour should have equal representation with the railways on the wages boards and that the existing wage scale and employees' jobs were to be maintained. The Act, as passed, safeguarded railway labour by specifying that no employee of five years' standing should as the result of the amalgamations be in any worse position as regards pay or rights; and that any who did so suffer were to receive compensation as decided by arbitration. This clause protected employees from losses resulting from the amalgamations; but it did not safeguard them against being laid off as the result of a depression. In a depression the railways were under a moral obligation to protect the 70 per cent of the employees who were considered to be 'permanent,' and who as such, had, at the joint request of the railways and the labour unions, been 'excepted' from the national unemployment insurance commonly



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

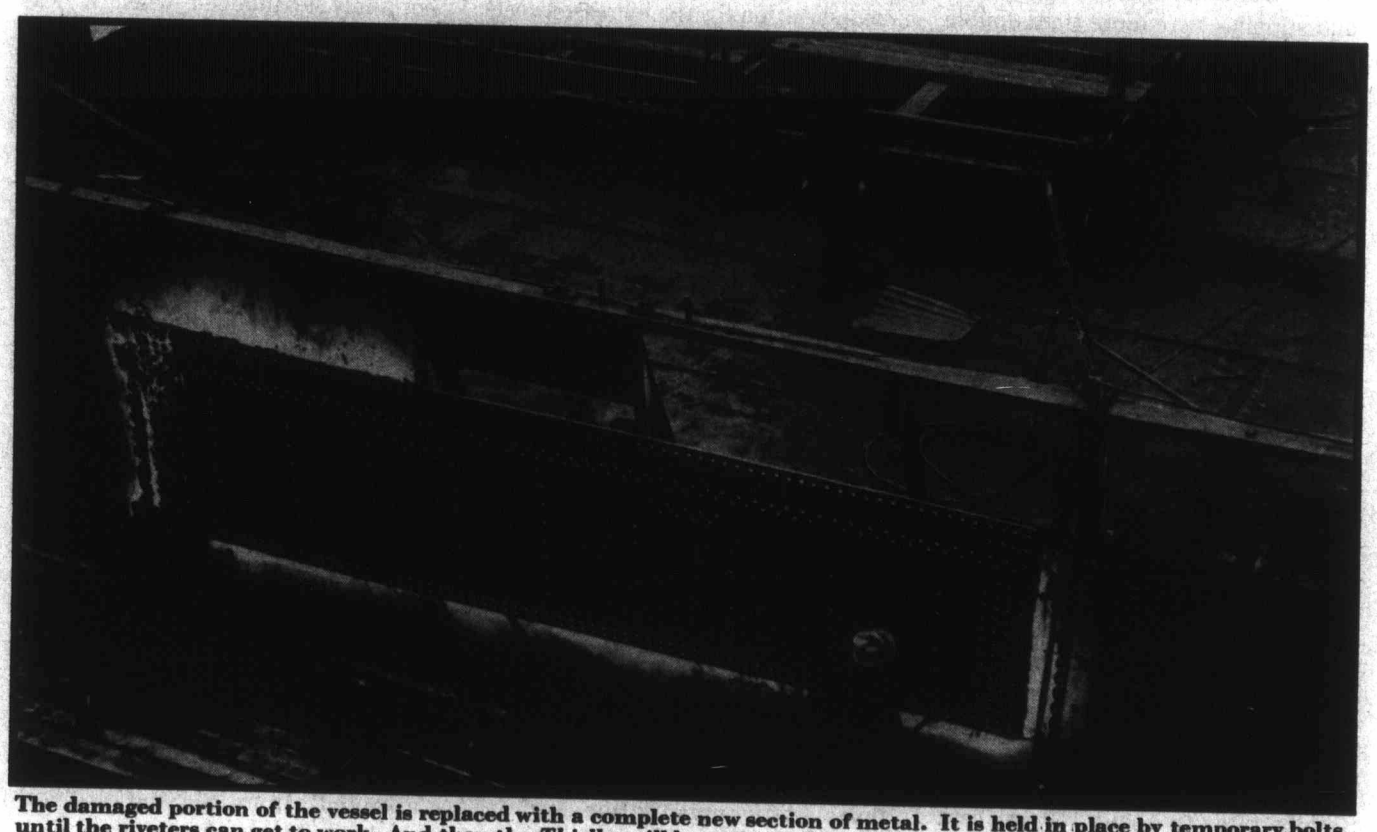
## for the "THIRLBY" in DRY DOCK



On such mighty monsters of transportation, Canada's economic prosperity depends. Note how the fresh paint on the bow brightens up the vessel



This man is removing a curved iron plate near the bottom of the vessel. The holes in his clothing are not made by moths but by drops of molten metal



The damaged portion of the vessel is replaced with a complete new section of metal. It is held in place by temporary bolts, until the riveters can get to work. And then the *Thirlby* will be again ready to bring foreign dollars bouncing into Canadian pocket-books



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

known as the 'dole.' The other 30 per cent who were not classed as 'permanent' came under the protection of the national unemployment insurance in case of lay-off. This latter group consisted of shopmen, casuals, auxiliaries, etc., and there have actually been very few lay-offs of such employees, because, in a depression, the railways and the labour unions combine to work out short time schedules, etc. to care for these men.

The Railways Act, passed in August 1921, and which went into effect January 1st, 1923, amalgamated the 120 standard gauge railways of Great Britain (excluding the London underground systems), with about 20,000 miles of route, into four geographical groups and about half a dozen jointly owned lines which had a total of about 600 miles; and it specified the conditions under which they should operate. It placed the process of amalgamation under the Amalgamation Tribunal, rates under the Railway Rates Tribunal, and wages under the National Wages Board.

The public and the commercial interests wanted lower freight and passenger rates which then averaged about 110 per cent and 75 per cent respectively above pre-war. The Act specified that the existing rates should continue in force until the Railway Rates Tribunal fixed new rates to yield the standard return for the railways, to go into force at a date which was subsequently fixed by the Tribunal as January 1st, 1928. But the railways voluntarily reduced rates from time to time, until in 1927 freight rates were about 63 per cent and passenger rates about 50 per cent over pre-war. In 1928 and subsequently many rates were still further reduced. Both passenger and freight rates were, however, increased 5 per cent in October 1937. Yet at the present time, despite the fact that railway unit operating costs are about double pre-war due to the increased prices of labour and materials, the level of railway charges as a whole is only about 50 per cent higher than pre-war, which figure corresponds closely with the increase in the cost of living.

### Traffic Pooling

The public also wanted the competition of pre-war days, and at the same time it wanted the convenience of the unified railway system. The grouping of the railways on geographical lines, however, largely eliminated competition except at common points where the systems overlapped; and the shippers were fearful of the effect this would have on the service. But they soon found that as a result of the increased enterprise of the managements, the short routing of shipments, and the elimination of clerical work and delays resulting from transfers between different lines, conditions had improved rather than suffered. So satisfied were they as to the results from this elimination of competition, that in 1932 they agreed to the pooling of freight traffic at all common points so that the most convenient depots and the most economic routes would be available for all shipments. The privilege of using passenger return tickets on any alternative direct route was also introduced at the same time. So the pre-war competition with its extravagancies has now virtually disappeared, with resulting benefits to both the public and the railways.

Though the British railways are not yet above criticism, the reduction in rates and charges, the increased speed and convenience with which freight and passengers are now handled, the co-ordination of highway and rail services (both freight and passenger), and the introduction of many special passenger services make it impossible that the public would ever consider reverting to the conditions of 15 years ago.

Thus the shipping and travelling public has obtained much of what it wanted, and far more than it expected from the Railways Act. The railway companies wanted their pre-war prosperity as represented by the standard return which was based on the 1913 net earnings plus an allowance for later capital expenditures, and which total was equivalent to a return of about 4.7 per cent on the invested capital. But they have never obtained this. In 1929, their best year, they realized 88 per cent of the standard return, and in the 14 years to 1936, they averaged 70 per cent of it. During this 14 year period, the railways expended about $1,000,000,000 in physical betterments partly to make good accrued wastage and partly to effect economies. This money came principally from renewal reserves and depreciation funds—less than 7 per cent of it being charged to new capital, the interest on which resulted in increasing the standard return the railways were entitled to earn. This money was spent for new locomotives and cars, track improvements, signaling, shop equipment in freight depots, new freight handling equipment, etc. The railways also introduced a vast amount of improvements in operating details. But the maximum

**BRITAIN transformed a potential $44,500,000 operating deficit into $167,000,000 of net earnings by amalgamating 120 railways into four major lines, and resorting these new groups to private control, according to this author. Could Canada do the same?**



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 20037

economies possible from the use of new equipment and methods of operation have been restricted by staff problems, as the Railways Act protected the jobs and rights of employees; and the railways have been scrupulous in observing the spirit of this clause in the Act and in safeguarding their human relations with their employees. Though exact figures are not available, the railways estimate that less than one per cent of the total employees were dismissed as the result of the amalgamations; and in most of these cases the financial compensation was settled amicably, few cases going to arbitration. Also in the closing of shops, depots and offices, the railways moved very cautiously so as not to penalize any locality by removing railway activities until new industrial developments had replaced them in the commercial life of the community—all of which delayed the full economic benefits expected under rationalization.

### Savings

If, in 1936, labour had been only as effective as in 1913, however, the total number of employees in the former year would have been about 46 per cent greater than it actually was. Assuming this percentage applies uniformly to all classes and grades of labour—and informed investigation indicates that this assumption introduces only a small error—the total increase in the 1936 payroll for all the standard gauge railways of Great Britain (excluding the London underground system) would have been $204,000,000. It is estimated that there would also have been an increase of about $7,500,000 in the cost of fuel and supplies, if 1913 equipment and standard of operation had existed in 1936. If the railways had incurred this additional expense of $211,500,000 for labour and materials in 1936, they would have shown a net operating deficit of $44,500,000 instead of the net earnings of $167,000,000 which they actually showed. This saving of $211,500,000 is about 26 per cent of the gross revenues for the year, and represents a reduction of about 24 per cent in what the operating expenses would have been with the 1913 standards of efficiency. There was a further saving resulting from the reduction in train miles due to the pooling of traffic, closing of branch lines, short routing of shipments, common use of freight cars, etc., in 1936. It is not possible to estimate this, but under the liberal service which public convenience requires in Britain the net percentage saving was not large.

It will be a generation before the full benefits under the rationalization of the railways of Great Britain and its attendant possibilities are realized. But the saving of $211,500,000 in 1936, most of which went to the shippers in reduced rates, indicates the progress made to date; and the increased effectiveness of labour explains why it is possible to pay such greatly increased wages while still keeping freight and passenger rates at a level comparable with the cost of living. However, it must not be forgotten that though wages and salaries constitute two-thirds of the operating expenses of the railways, the effectiveness of labour is only one of the items affecting their prosperity.

Since rationalization the railways have never earned their standard return, and over the last 15 years have averaged only 70 per cent of it. These poor earnings have been due largely to the reduction in freight and passenger rates, highway competition, the disturbed economic condition of the country prior to 1927 and to the depression since 1930. But if Great Britain experiences years of prosperity such as were foreshadowed in 1927 and 1929, it seems likely that the hopes shared 15 years ago by the public, the progressive railway managers and the labour leaders will be realized in the next 10 or 15 years. The railways should then be earning their standard return plus a satisfactory margin which will permit further reduction in rates; while rail labour, no longer subject to the pre-war conditions of low pay and poor morale, should, through still higher wages, be sharing in the prosperity of the properties. This will have been the result of the co-operation of the public, the enterprise of the managements, and the common sense policy of the labour leaders.

# Next Year's Autos

THE 1939 automobiles have been fully designed, and blueprints are being run-off for the 1940 models. Definite specifications of the 1939 cars are not yet available to the general public, but the trade has certain information.

The biggest change will be in the type of frames and designs. More "bridge-type" frames will be used and greater stream-line effect will be achieved.

The trend will be towards the elimination of the running board which will be facilitated by the lowering of the drive shaft. At the same time, cars will tend to be wider and generally along the lines of the new Cadillac which was introduced last month. Gadgets and extras will be reduced to the minimum and this may allow a slight lowering of the base price.

Earlier in the year, the automobile industry was believed to be working on radical changes in design in order to stimulate sales but most of these have been deferred. In fact, it is possible that purchasers will even be given the option of models with certain of the old features retained.

The usual rumours have reappeared regarding a still cheaper Ford and a more diversified line by this independent, but otherwise manufacturers seem reluctant to go too far in a new direction.

*Subscribe to*
**CANADIAN BUSINESS**
**TODAY**



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

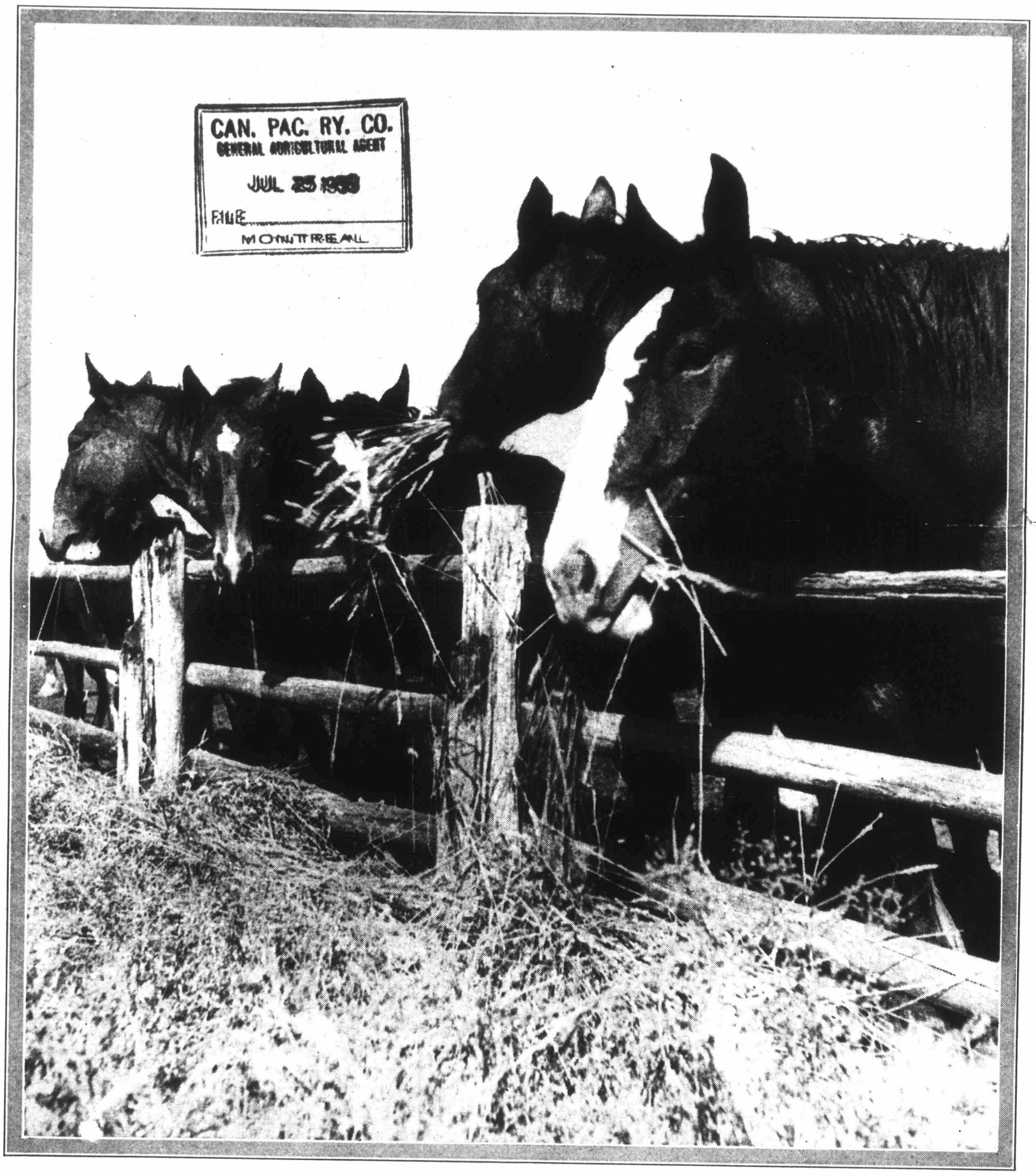
PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

See Page 3

Mooney L C (4082B
Gen Agric Agent
Can Pac Rly
Montreal
Due 8 Oct 38

# The Canadian Countryman

Vol. 27, No. 30 TORONTO, SATURDAY, JULY 23, 1938 $1 Per Year



CAN. PAC. RY. CO.
GENERAL AGRICULTURAL AGENT
JUL 25 1938
FILE
MONTREAL

*Weekly Discussions, News, Views and Ideas*

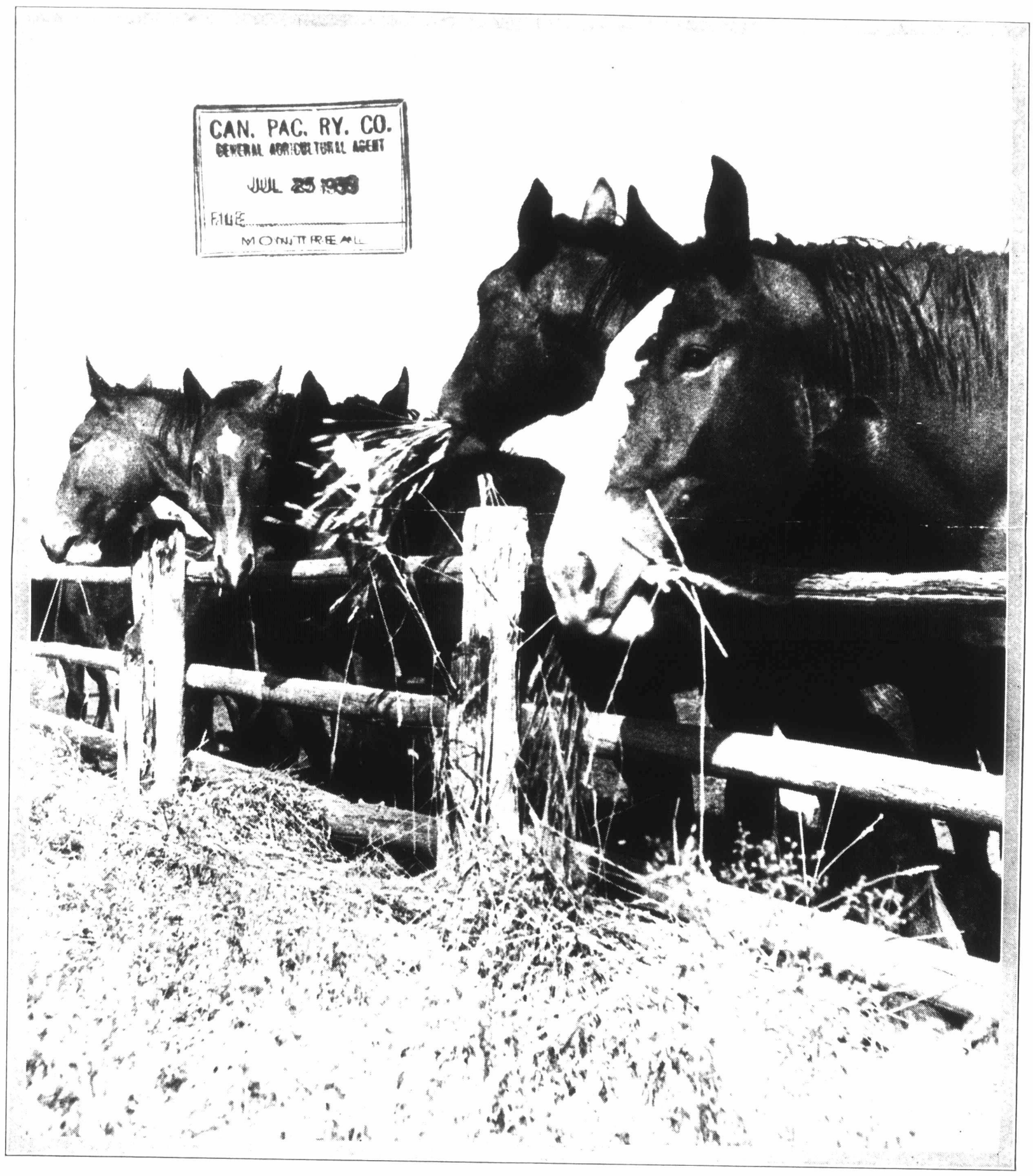
MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

See Page 3.
1 20 082
Moouat L C (4082b
Gen Agric Agent
Can Pac Rly
Montreal
Que R Oct 39

# The Canadian Countryman

Vol. 27, No. 30 TORONTO, SATURDAY, JULY 23, 1938 $1 Per Year


CAN. PAC. RY. CO.
GENERAL AGRICULTURAL AGENT
JUL 25 1938
FILE
MONTREAL

*Weekly Discussions, News, Views and Ideas*

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120083






## On the Wing

### By Wallace Havelock Robb

ONE glorious July morning, this is, as I write. Looks like we'll do some rare old haying to-day! Last field is cut and curing, and we'll clean up sure, before harvest, I believe, all but some second cutting on two good fields. I recall having some second cutting of alfalfa, but it was nothing to blow about. This second-cut clover represents a sort of milestone of progress on the grange. It shows results of restored fertility, representing a sort of extra dividend on the money spent on commercial fertilizer. However, all that is common, shop talk, and I am full of the spirit of morning, right now, and the birds give me many thoughts. They are on the wing.

Starlings are roaming the countryside already, in big flocks, and, I suppose, they are getting a bird's-eye view of which farms are going to have the choicest grain to steal. I dislike the Starlings, mightily, but as to whether they cost us more in stolen grain than they pay us in service in insect control, well, I'm not able to say. Time will have to answer that riddle, but if they keep on increasing and causing other valuable birds to decrease, it'll be a very costly affair to North America. It is human nature to under-estimate the good that the valuable birds do and it is likewise easy to over-estimate the harm that the robber birds do. But it is a beautiful morning, and I'm not going to let this sort of thing worry me.

Last year a pair of Robins built their nest in the steel frame which supports The Poet's Bell. How they stood the booming crash of the bell I'm sure I cannot say, but live and thrive they certainly did. The young ones were fine and strong—h'm! music must be good for the stomachs of birds as well as for their souls. Anyway, back came the birds to the bell again this Spring. And what in the world could be more romantic than a pair of Robins nesting beside a ringing bell? The Robin will nest anywhere close to man. Probably this is one of the main reasons why we love this bird so much. So, to get on with the yarn, they came back again this year, nested in the same place, brought off their young and raised them to safety around the door and lawn, and, believe it or not, the parents are back again fussing about the nest, making minor repairs, and I do believe they'll have another brood! I'm going to start putting nicks in the pine pillars to keep count of the young. It's only fair that we should give the bell credit for all the birds it is raising.

When we first came here, several years ago, we put up narrow shelves for the Phoebes, and they have been used ever since. The one on the front of the house is usually used first, then, for the second brood, the one in the rear. But, this year, a new element has entered. The Phoebes went to the rear first, and the front was taken by barn swallows! So, we have barn swallows twittering above our front door. And Mr. Barnswallow is pretty bossy, too. He dislikes birds coming to my call and hanging around the front door. Yesterday, after he had chased away one of my friends, a Nuthatch, he swooped around my head in a questioning way, seeming to protest that I was attracting undesirable company. They are so "almost human", these birds, that one looks to them for company.

Last week a beautiful Bald Eagle spent some time in the Sanctuary. Ernie and his family saw him in a field eating a Woodchuck, and he flew up on to a high tree on the ridge. My! What a sight he was, with his snow-white head and tail, and his yellow beak and feet! Worth going to see any day! And, so, the day begins. I must away to ring Gitchi Nagamo for the Robins, then some coffee and toast, and away to town with the milk.

---

All seed in Canada must be sold under definite grade standards, with the exception of sales made by farmers of cereals, buckwheat, field peas, beans, and corn on their own premises for seeding by the purchaser himself.


**EXPERIENCE AND STABILITY**

The many years of investment experience and the facilities of an extensive organization are placed at the service of our clients. This service may be secured at any of our branches.

**A. E. AMES & CO.**
LIMITED

*Business Established 1889*

TORONTO

Montreal Winnipeg Vancouver
Victoria New York London, Eng.

**Sprains RELIEVED Quickly**



*Absorbine Sends Relief Direct To Muscles and Ligaments*

**Strained Muscles Eased While Horse Works**

ASPRAIN doesn't have to lay your horse up. When you use Absorbine, he can do light work while he is being treated. Absorbine speeds relief *direct* to muscles, ligaments. It increases the flow of blood through them and the blood carries off the congestion. Will not blister. Many veterinarians have used it for over 40 years! At druggists. $2.50 a bottle. W. F. Young, Inc., Lyman Building, Montreal, Canada.

**ABSORBINE**

**MORE GEM ELECTRIC FENCERS in use in Canada than any other make.**

The Canadian Farmers' appreciation of GEM'S simplicity, portability and one season's operation from a single Hot-Shot battery has made **NEW LOW PRICES possible.**

GEM Fencer . . . made and guaranteed in Canada, complete with Hot-Shot battery, grounding rod, fifty line knobs, four corner post spools, ready to use

**$25.00**

*Write for literature and name of closest dealer.*

**GROH'S COOLER, Limited**
Preston Ontario





MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

20084

# Unions and Agriculture

## When Labor Exploits Labor—How Organized Labor Has Reduced Purchasing Power and Maintained Unemployment

By HECTOR O. PAYNE

THE World War developed in each nation a more efficient production than was dreamed possible. They were able to produce enough for their needs in addition to the needs of millions of soldiers who were destroying wealth as fast as they knew how. When these men came home and began to produce a little instead of destroy a lot, grave social unrest was inevitable. In this fertile field of unemployment and the dole, men weary of waiting for better wages, did what seemed to be the only chance. They formed monopolistic unions and refused, in a body, to work for less than a fixed wage. This seemed to give results, so there followed a long series of strikes resulting in higher wages for less work (shorter hours).

In England where about 90 per cent of the population is engaged in secondary production; the ill effects of arbitrary wages, brought two important changes, Agriculture was so hard hit it was necessary to place tariffs against foodstuffs in order to raise the farmer's income and avoid the extinction of agriculture which was considered necessary chiefly in case of war. The second effect of high wages and short hours was an increase in the price of finished goods. These higher priced products failed to find a market in a world where labor in some countries was not organized. On the continent the situation was much the same, import duties of two or three dollars a bushel of wheat being necessary before a farmer could produce wheat and pay the wages of industrial labor.

In Germany on the one hand we had farmers working as hard as ever but receiving little in return. In an effort to pay the reparations bill, land taxes were so high as to be almost confiscatory, implements and all manufactured necessities were so high as to be out of reach. On the other hand, we had industrial workers receiving very high wages—for a very few hours per week. Thus even with the high wages they could not obtain enough hours per week to support themselves. Now added to these two desperate classes, we had a still more desperate one, five or six million unemployed with no provision to save them from starvation. These people were experiencing their first taste of democracy, they did not think much of it and welcomed Herr Hitler when he promised a return to pre-war conditions.

In Russia, communism, the least intelligent of any labor movement, gained complete sway. As a consequence the nation has been almost totally paralyzed ever since. Her trade with other nations has virtually ceased, a reliable barometer of social welfare. It appears as if another revolution is the only method that will displace blood and coercion by freedom and peace.

In such countries as Canada and the United States, we were not immediately affected by unemployment because there were millions of acres awaiting the plow. We increased production by leaps and bounds without a thought that some day we might produce more than necessary. It is possible there would never have been a surplus of wheat if European countries had not been utterly demoralized financially as well as industrially.

In the meantime, however, unions became stronger. Labor leaders began agitation to increase the hourly rate of pay as in Europe without considering the vastly superior annual wage of the American worker. The railway workers were the first to obtain the closed shop. The railways were among the first to experience paralysis. Now a railway company must be run on a business basis, not on abstract theories of the worker, or it will cease to exist altogether. Railroads were not built for the sole purpose of giving employment to a quota of men. They were built to provide transportation for those who were willing to pay for it and no useful service is performed by running empty ghost trains in order to give employment. If it costs more to operate a branch line than receipts, then that line should be discontinued if there is no means of making it pay its own way. Persistent annual deficits of certain lines, destroy the profits of others, and if they grow large enough, the position of the whole system becomes grave and threatens to throw out of employment all the workers instead of a few.

Railroads like many other lines of business were built from the subscriptions of thousands of workers who were willing to risk their hard-earned savings in a somewhat doubtful venture in the hope their money would be safe and provide income in their declining years. This is common stock, where the investor takes the risk of receiving either nothing or seven or eight per cent according to business conditions. This cushions the effect of business recessions and permits a relatively stable wage scale, which is so greatly desired by many workers, and which would be impossible with preferred stock. The undistributed profits account also stabilized wages.

This type of finance is responsible for almost all of our industrial progress of the past fifty years. Without it, there would be no railroads, no automobiles, no steel and rubber industries and so on without end. This worked well while intelligent management had control. In some cases undue profits went to the shareholders, but they were largely re-invested in new industries bringing in their train new employment peaks, better wages and improved circumstances for the worker. When the depression came, bringing industrial stagnation, carloadings fell off and consequently railway revenue declined. There was not as much work to do and the natural conclusion was that less men could do it. The closed shop of the trainmen's union were able, under the threat of strike, to prevent adequate lay-off. The railways found themselves with a fixed expenditure and a falling income. Dividends to the shareholders dwindled and disappeared. The companies were forced to borrow money on security of the shareholders' property to pay the wages of idle workers. Before the companies had recovered from this blow the union bore down on the management waving the big mob stick of strike, demanded, and received, the restoration of a ten per cent wage cut, while farmers were receiving about one-half their normal income.

No wonder organized labor seeks by every means to prolong the depression when it gives them such a large advantage over farmers. We would be no better off if the profits of the C.N.R. had been ten times as large last year and the union had grabbed them all and a little more.

Any labor leader who insists on all the profits and some red ink is not a friend of labor. He is a stupid traitor, a deformed monster child of communism. As citizens of this country we have civil and property rights. We should guard jealously our social right to work or not as we please as well as our right to own property for profit. You cannot destroy one without destroying the other, any more than you can stab your brain and expect your heart to continue functioning. If we deny the right of money invested in property to a profit, none of us will invest money. We will put it in the bank and no one will borrow.

That is part of the trouble today. People with shares in C.P.R. are receiving no dividends, they will invest no more of their savings in that company or any other until they pay profits. So they deposit their money in a bank for small interest, a totally unproductive venture when no one will borrow it to invest in business. No one with money will finance potential Henry Fords. No new industries or homes will be built to absorb the army of young people leaving school each year. Unemployment will increase and old industries already in dire circumstances will have to pay the increasing dole. As taxes increase on homes and farms, more and more small holders will be forced to sell out to richer people and we finally arrive at a more unequal distribution of wealth than when we started.

In Canada probably 90 per cent of adult males have some small share in real estate, even if it may be indirect through life insurance. The same cannot be said of Russia. As regards the closed shop it brings equally disastrous results in its train. We have the spectacle of the employees of a mill taking complete control. They insist not only on all the profits but bonuses as well. The only way such demands may be met is by increasing to outsiders the price of their products. If the steel workers of all countries organize and the miners do not, the wages of the one increases and that of the other does not. This is not increasing the wages of the workers, it is one class stealing from the other by mob violence.

In certain industries labor organization is impossible because a strike would be impossible. If farmers went on strike for six weeks in seed or harvest time there would be no wages for a year. They would starve as well as the railroader. To end this class robbery we must insist when any man strikes that any other who is willing be allowed to continue, unmolested.

No one is in favor of six dollars a week for textile workers any more than six dollars a week for a farmer and two or three grown sons, with no interest on the money invested in his farm. No problem is solved by organizing the textile hands and forcing their wages to ten dollars only to depress the farmers' purchasing power to three dollars. If there were a country where every worker could be organized class warfare would still disrupt all business. Suppose each class started out at a fair wage. First one class would strike for a ten per cent increase, and so on until they all had the same increase. This process would be repeated many times until wages were, say, 100 per cent higher than to begin with or with the outside world. The manufactured articles for sale outside would be so high priced because of labor

(*Continued on page* 18)



*Ninety members of the West of Scotland Agricultural Discussion Society recently came to Eastern Canada for the purpose of broadening their knowledge of agriculture. They visited a number of important institutions and are seen here at the Ontario Agricultural College.*

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120085

# Wayside Gossip---News, Views and Ideas

## Clover Seed Important Specialty

CLOVER seed is an important specialty on many farms of Central Ontario, as well as in certain other sections of the Province.

Seeing a reaper harvesting alsike seed on No. 7 Highway, between Brampton and Woodbridge, we discreetly negotiated the strand of barb wire strung along the top of the woven-wire fence . . . to discourage leaning, and possibly climbing . . . and cut across the field for a closer inspection of an implement that has made a limited "comeback".

Owing to dry weather, the alsike stand was short and Mr. Joseph H. Wright had started into the 11-acre field with the mower, about 4 a.m. that morning. His object in getting on the job so early, of course, was to take advantage of the dew, since the drier the alsike the larger the number of heads broken off and lost. While the mower can cut closer than the reaper, the swaths must be raked up, and during this operation, the horses tramp the alsike. So later in the morning, the reaper was put into action.

Mr. Wright's son, Eldon, was on the machine when we called, and he told us that they had 30 acres of alsike seed, of which 10 acres was a volunteer stand. In addition, there were 28 acres of red clover seed. Twelve acres of alfalfa had been left for seed but conditions again proved unfavorable for seed formation, so they finally cut it for hay. The alsike being harvested was very clean. The Wright farm is 217 acres in extent. Eldon said that some have their mowers equipped with tables for cutting alsike seed.

In view of the current discussion on specialization, a remark made to us by Mr. Alex. Wilson of Mono Road, illustrates quite graphically one angle of specialization. On his 275 acres, this year, he has 80 acres of alsike seed, part of which is volunteer stand. It promised a fine yield, Mr. Wilson thinking the crop might run 7 or 8 bushels per acre. "I have so much alsike this year," he said, "that I have been doing a bit of shivering. A little hot weather when the seed was setting, or a hail storm before I get it harvested, would make a tremendous difference."

One mow of the barn is filled with alsike seed, so as to facilitate threshing. When the dew is on the alsike in the field, they thresh out of the barn. Once the alsike outside is dry enough they switch to that.

Some sweet clover is usually left for seed, but this year Mr. Wilson only has the alsike. A certain acreage of pure sweet clover is commonly grown for hay, which is fed to the cows.

While a lot of alsike seed is grown, a diversified production program is followed. Mr. Wilson has 22 cows and each year he turns off several baby beeves and a dozen two-year-old butcher cattle of his own rearing, besides selling cream. He also markets the litters of three brood sows, and raises a couple of colts.

## Appreciate "Treated" Roads – Dust a Triple Liability

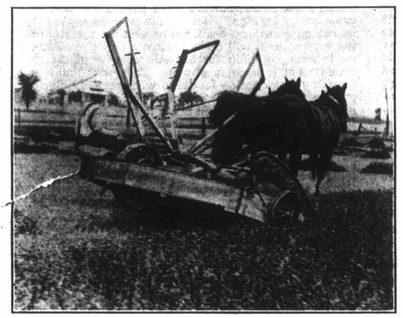
WHILE driving out to Brampton, the other morning, our attention was attracted by a car tearing along the side-road we were approaching. Away from the wheels rolled an impressive cloud of dust. Indeed, so heavy was the dust formation that we idly thought we should not like to live in a house beside that particular road.

Our momentary reflection failed to give the mass of road dust its full dues . . . as we realized a little later, while talking to Mr. N. L. Powell, Engineer for Peel County. What he told us is obvious enough, but then it is frequently the obvious things we overlook until someone or something draws our attention to them.

"That dust consists entirely of road material. Loose gravel is gradually ground into dust by passing cars and trucks, which also whirl it into the air, from which it settles on to the roadside and adjoining properties. Such dust represents gravel that must be replaced if the road is to be maintained in good condition."

According to commercial literature we have seen, engineers estimate this loss of gravel at from 100 to 300 cubic yards per mile annually. And as farm people know only too well, that is not the only loss. In fact, loose gravel and flying dust carry a triple liability.

A rather striking example of a second form of loss was cited to us by Mr. Powell. During road-building operations in the southern part of Peel, where fruit and truck crops are featured, one grower suffered severe loss to his raspberry crop. Passing trucks stirred up so much dust that the berries were rendered unsaleable, the part next the road being dried and hardened. Moreover, a lot of the canes were killed. Owing to the extraneous nature of the traffic, the grower was able to collect heavy damages, which was paid out of insurance provided for that purpose.



*Harvesting alsike seed with a reaper, on the farm of Joseph H. Wright, Malton, Ont.*

While ordinary farm crops do not suffer like fruit, road dust is a factor even in hay . . . as Stuart Carberry of Malton told us later in the day.

"When I bought this farm, the previous owner advised me always to sow grain in that field next the road. 'If you grow hay,' he said, 'you will find that the half next the road is full of dust when you cut it. By growing grain you can blow the straw outside and so get rid of the dust.'"

Mr. Carberry also mentioned that on an ordinary gravel road carrying considerable traffic, the road fences are white with dust. This phase of the question was summarized for us by Mr. Powell, who pointed out that not only is it unpleasant and unhealthy to sit out on the verandah or lawn of a home close to a loose-gravelled road, but the dust gets in to the house, making it much more difficult to keep clean and adding to depreciation. Loose gravel and clouds of dust also provide a degree of hazard for motorists.

These disadvantages have lead to the practice of treating such roads to consolidate the gravel. Peel County now has fifty miles of county road treated with calcium chloride, thirty miles having been treated for the first time this spring. To date, this year, five carloads of calcium chloride have been applied in Peel, and another three or four carloads will be used before the end of the season.

"To consolidate the gravel, a certain amount of clay, or binder soil, is necessary, in addition to the calcium chloride," explained Mr. Powell. "When moist, clay binds the road material together, the necessary moisture being provided by the calcium chloride, which has the property or power of drawing moisture from the air. In Peel County we don't have to go far for clay. In fact, we just scrape the shoulders of the road in towards the centre.

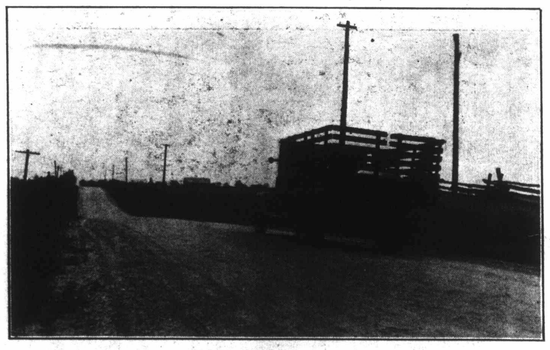
"The amount of calcium chloride required runs from 3 to 6 tons per mile the first year. This is for a 20-foot road, though we only spread the chloride over 17 feet, as it runs out the full width itself. The second year, only 60 to 70 per cent of the first-year application is necessary, or 2 to 4 tons per mile. This material is costing us $26.38 per ton, delivered."

Such treatment, Mr. Powell continued, produces a firm roadbed, and does away with the clouds of dust one can't see through. "It also reduces the cost of gravel. In fact, the saving in gravel will pay for the calcium chloride."

In addition to the fifty miles of treated roads, he told us that they had treated an area in front of each house located on a county road. This is known as "spot treatment".

To see for ourselves, what difference treatment made to a road, we drove up a stretch of county

(*Continued on page 19*)



*This county road in Peel has been treated with calcium chloride. Before treatment was started, it was considered inadvisable to grow hay in the field to the right, as the hay contained so much dust.*

# Mac's Meanderings

THIS year again we invested in a few pigs with which to endeavor to make a little "Pin money" in addition to our main revenue from the sale of milk. After all, our chief responsibility is our herd of dairy cows and the marketing of what they produce—both as to calves and milk. I have found that when the work connected with just this is done well there is little time for anything else and so we were very backward about making the necessary investment that would be the first step in insuring pork to sell in the fall.

We do not keep pigs the year around. We have no suitable place to keep the sows and so each spring we have to decide whether or not we are going to be pig farmers as well as dairy farmers. This year we decided on the former and accordingly purchased a litter of white pigs possibly slightly less than a couple of months old. We thought them better value at eight dollars each than to buy weanlings at five dollars. And there was the additional advantage in that they would be ready for market that much sooner, thus giving the market price that much shorter time to take its fall slump.

When we bought those pigs we decided to let somebody else do the worrying as to what to feed them, so we bought for them a prepared hog feed. How it does cost! But also, how those pigs do grow! It was on May 23 that their former owner and his son put them in a crate and lifted the crate and pigs on to the back of their express wagon. Today, which is just a little over six weeks since those pigs were delivered, any one of the ten would make a pretty sizeable armful for any ordinary man to lift and, if the price of hogs will just hold for another month, I feel quite sure that those pigs are going to show a reasonable profit over their feed. Of course, it is too much to expect that that profit will cover all the time I have spent feeding them, but then we farmers don't charge anything for our time anyway.

When those pigs arrived the long trough that we put in their pen made them look lonesome. by and by they did not look so lonesome and in course of time their snouts just about filled the trough. Then conditions got so cramped that it was necessary to provide further eating accommodation.

(*Continued on page 18*)



120086

# Practical Discussions by Practical Farmers

## First 100 Lbs. of Hog Costs Much Less

A LANARK COUNTY hog raiser was asking whether it would be more profitable to sell his pigs at 100 lbs. or 200 lbs. Any hog raiser who keeps a set of scales in his pen . . . and he should . . . will soon find out that the first 100 lbs. takes very little more than one-half the amount of feed required to put on the last 100 lbs. In other words, the second hundredweight will cost him nearly twice as much as the first. So why not sell your hogs when they reach 100 lbs. to some of these people who are continually telling us how much money there is in feeding hogs?

York Co. ARCH. SMITH.

## Raw vs. Pasteurized Milk for Calves and Children

IN your March 19 issue, I noticed a statement by a Mr. John McKee on the feeding of raw and pasteurized milk to calves.

He cited an instance of a prominent breeder of pure-bred dairy cattle having unsatisfactory results when feeding pasteurized milk to calves, but stated that their growth was normal when they were fed raw milk. The inference was that calves will not do well on pasteurized milk. I would like to call to Mr. McKee's attention a paper in The Journal of Dairy Research, Vol. 8, No. 3, page 311. The investigators conducting this experiment fed raw milk to one lot of calves and pasteurized milk to another lot of calves. When the experiment ended the skeletal development of each group of calves was the same, but the interesting thing about this experiment was that twenty-four out of the thirty-six calves which had been fed raw milk, reacted to the tuberculin test and on the post mortem twenty-three showed tuberculous lesions. Only one calf out of the group fed pasteurized milk reacted to the tuberculin test but an exhaustive post mortem showed no tuberculous lesions.

There may be a legitimate question as to the nutritive value of raw and pasteurized milk for calves, but it should be remembered that raw milk is always a potential source of disease organisms.

Most authorities recognize that pasteurized milk is better than raw milk for children when the potential dangers are considered. It must also be remembered that milk is deficient in certain essential elements so a child must have some food such as orange juice to supplement this deficiency.

Your paper appears to be on the raw milk side of the question so probably you will not be interested in this side of the issue.

By the way, the Journal of Dairy Research is an English—not an American—publication.

University of Illinois, J. M. BRANNON.
Urbana, Ill., U.S.A.

## Many Farmers Suffer by Sacrificing Speed for Thoroughness

YOU ask for opinions on Speed vs. Thoroughness.

I believe that at haying and harvesting time many farmers are much too thorough and for the sake of cleaning up a field very well as they go, thev get two or three loads of hay wet that they would have had in if they were a little faster.

Being thorough rather than speedy when plowing allows a great many weeds to mature. There is nothing nicer on a farm than a straight furrow nicely turned but . . . working a shorter day I can plow 20 acres to my neighbor's 15 any time of the year and, although he does match plowing, I believe it would be more economical for him to get a wider-bottomed plow and worry more about ragweed than his straight furrow.

However, a man can hoe very poorly and do a speedy job. Here he would be saving time and effort to go a little slower. It is mistaken economy to shoe a horse quickly and fail to trim his feet properly, or oil the binder and neglect many oilholes.

In general, I believe many farmers, especially of the older generation, sacrifice speed for thoroughness and in this highly-competitive age suffer accordingly.

Last week the daily paper spoke of general rain throughout the Province. In our particular section we must be sinners as the rain barely penetrated an inch and was dried out by Saturday. Grain will be a very near failure, especially late oats, if it doesn't rain right away.

Congratulations for your editorial re Mr. Herridge's speech. We are burdened with too many public men who talk but say nothing. One of the dullest sessions of any Parliament since Confederation produced 4½ million words of what?

Certainly not the "action" we voted for.

Durham Co. A. H.

## July Effective Time to Plow

YOUR request for a discussion on "Plowing Sod in July" is a timely topic. This is the time to plow sod or anything else, just as soon as the crop is removed. We have followed this practice for years with good results. The long, hot summer days and the length of time before the freeze-up give one ample time to make a clean-up of all weeds, except "field bindweed". It also puts the soil in good tilth for any crop.

Our plan is to use a fairly wide-bottom tractor-drawn plow fitted with rolling coulter and skimmer and good new wide shares. When we used horses the stubble plows fitted with wheels under the beam and sharp knife coulters were used. This tends to light draft and best work. The skimmer, a necessary and valuable attachment, was always used.

I like to plow fairly large lands which mean fewer crowns and finishes. Only a good plowman can make a good crown, cutting all the soil and full depth. I like to plow a fairly good depth and then top-work.

Once we plowed a tough sod very light, then disked and worked those thin furrows all to pieces, and plowed full depth later. The work required to obtain the desired result was quite as much as when full depth at first was practised.

A tractor is a great thing for heavy field work in hot weather. Many times we have plowed and prepared sod land for fall wheat that would have tried the horses to the limit.

When the plowing is completed we work the land with whatever implements are most suitable and often enough to keep down all weed growth and prepare a seed-bed. A good plan is to roll right after plowing, then use a sharp spike-tooth harrow, afterwards disking or cultivating lightly. One has to use the implements he has or else buy or borrow . . . but the main thing is not to pull up the sod. For this reason a tandem disk harrow is a fine, and almost indispensible, implement, as it cuts and pulverizes the soil and makes a great seed-bed. A cultivator, or cultivating harrow, is best for getting out twitch.

I know of nothing to be gained by allowing the furrows to lie untouched after plowing. The idea is, I think, to dry them out but it is pretty dry if no weed growth appears. It is a good plan to plow July-plowed land late in the fall, if conditions permit. By that time, the sod should be rotted and the frequent workings this land has had may have tended to make it solid, so plowing again will do good.

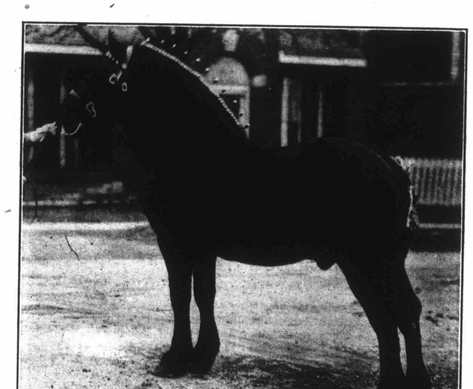
There is no known way of ridding land of weeds as effective as the bare summer fallow, which begins in the spring before growth appears and ends with the freeze-up. But for fairly clean land and for keeping land that way, July plowing followed with thorough working, is an excellent plan.

We usually sow our July-plowed land to fall wheat but such land is fine and suitable for nearly all grain and hoed crops. When fall wheat is sown the work must be well done because it is just two months from plowing to sowing, and it is very necessary to work it so as to conserve moisture to germinate the seed should the season be dry.

Ontario Co. FARM LOVER.

## Using Scales

*A correspondent claims that the scales should be used in raising hogs, as a means of checking costs. His statement suggests a topic we have never discussed on this page, and possibly we have been overlooking a worthwhile question, in an age when it pays to know as definitely as possible what one is doing. If you are one of those who use scales in your feeding operations, explain what use they serve, such as for mixing feed in the proper proportions, checking rates of gain and market weights. For these purposes do scales make a profitable investment? Can you cite one or more cases where your scales definitely made you some money? While we were not thinking of milk scales when we suggested this topic, we are always glad to hear from dairymen who weigh and tabulate each cow's production.*



*Mel Laet 3rd, grand champion Percheron stallion at Ormstown Fair for Dawes Brewery, Montreal.*

## Is This Reader a Specialist?

IN your July 2 issue you requested the views of readers on what they considered specializing in farming.

I know one farmer whose main specialty is selling milk, but who also has a large flock of hens. Sometimes he feeds hogs. Lately, in fact, he has gone quite extensively into hogs. For years he grew no wheat but in 1934-35, on his 150-acre farm, he had over 30 acres . . . but unfortunately, it winter-killed.

Another man quit mixed farming and concentrated almost exclusively on the production and sale of whole milk. I am informed, however, that the dairy company to which he is shipping has cut him down to one can per day. As a result, he has a lot of milk that he must separate, and sell the cream . . . with a big supply of skimmed milk for which he has no outlet, not having stock and poultry to convert it into marketable produce.

That man is a specialist . . . in a line that appears to be overdone, judging by the cussing and discussing I hear among fluid milk producers, concerning holdbacks and returned milk.

I think I am what is known as a mixed farmer, since I have no special lines. I am not farming as extensively as I did 25 years ago. A son is operating 116 acres, while some other land is rented. The last 12 years we have been farming something over 170 acres, of which 23 acres is in forest . . . with the stock kept away from it. This woodlot is on good land but I am leaving it to posterity.

We cultivate 75 acres of good land, which is the most conveniently located for operating, and we cultivate it in such a way that it does not grow weeds. I can't see that it pays to grow weeds to absorb nutriment from the soil that should be going into useful crops. Or to buy twine and hire threshers at $2.50 per hour to handle weeds.

We keep three or four breeding Shorthorns, and three milch cows. We veal some calves and raise a few baby beeves. Over 50 acres is in permanent pasture. A good portion of this has been cultivated, but it is not as convenient to work or as good soil as what we crop. To use this grass we buy quite a number of stockers. We feed a few every winter and pasture others. Four years out of five I find this profitable.

(*Continued on page 19*)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

20087




# The Canadian Countryman

A WEEKLY MAGAZINE for progressive farmers, published every Saturday by the Canadian Countryman Publishing Company, Limited.

T. J. Tobin.....Manager
Daniel McKee.....Editor
George B. Hood.....Associate Editor
Helena M. McKee.....Editor Home Department

SUBSCRIPTION PRICE: Canada and Great Britain, $1.00 per year, in advance: United States and foreign countries, $1.00 per year, in advance, plus postage. Renewals should be signed in the name, including initials, which appears on the address label to prevent duplication. Subscribers in ordering change of address should give old as well as new P.O. address.

ADVERTISING RATES: 55 cents per line, agate flat. Live stock advertising rates on application. Notice to discontinue an advertisement and all changes in copy must be received twelve (12) days prior to date of publication. Canadian Countryman is a member of the Audit Bureau of Circulations. Copies of A.B.C. statements and audits available on request.

QUESTIONS ANSWERED: Questions will be answered for subscribers on any subject pertaining to agriculture. When sending in questions the full name and address must be given. All enquiries will be answered as promptly as possible, either through the paper or by mail. When a personal answer is desired, postage should be enclosed.

CORRESPONDENCE IS INVITED on all points bearing on agriculture, live stock, new grains, grasses or vegetables, experiments, handy devices, etc.; in fact, anything that is helpful and practical will be welcome. Write on one side of the sheet only. Manuscript not accepted will be returned promptly if postage is sent. Address all letters to

THE CANADIAN COUNTRYMAN,
204 Richmond St. W., Toronto 2, Canada
Member Agricultural Press Association.
Member Audit Bureau of Circulations.

VOL. XXVII. Toronto, July 23, 1938. No. 30.


## He Prefers a Dictatorship to Democracy

WE are living in the country at the present time and the other morning when we were driving to work we picked up one of our neighbors and gave him a ride into Toronto. He is a German who has been out in this country for about nine years. He has an attractive and well-built home, a large garden where he and his wife can amuse themselves, and altogether one might say that he lives under conditions that are as nearly perfect as one can hope for in this imperfect world. In spite of this he is not satisfied. He is an expert cabinet maker and a few months ago his union called him and his fellow workmen out on strike. They won the strike and got the increase in wages they demanded, but this man is still far from being happy. In fact he told us the other day that if he could sell his place, he and his wife would pack up and go back to Germany. He likes Canada well enough apparently, he is proud of his home, but the trouble is he cannot get steady work. He says he was much better off in Germany than he has been in Canada, and believes that he would have no difficulty at all in getting a steady job in Germany. He told us of a friend of his, a master bricklayer, who has just returned from Germany to Canada, and he said that when he was in the Fatherland there was a shortage of bricklayers. There was more work than men to do it. Naturally under these circumstances he would prefer living under a dictatorship in Germany to the ups and downs of existence in Canada under a democracy. He feels Canada has let him down, and we don't blame him. It is not Canada, however, which has done so, but Canadian politicians and labor leaders.

It is certain that if this man went back to Germany he would receive less wages than he has received in Canada for doing the same kind of work. His living costs, particularly what he would pay for food, would also probably be higher in Germany than they are here. Yet he wants to go back. Why? Because he has figured out in his own way the answer to the problem that our friend Malcolm Macdonald of Springfield in Elgin County presented to our readers in a recent issue, which was as follows:

"If a guy has no job at ten a day, how much relief should he get from a forgotten taxpayer who has no cash?"

This man has found out something that labor leaders and reformers in Canada and the United States choose to ignore. He has discovered that wages consist of two things, namely, the hourly rate and the number of hours a man is employed. He unquestionably gets a higher rate of wages in Canada than he would get in Germany, but he feels that he would be better off with a lower rate of wages and steady work. That is why he would like to go back and live under Herr Hitler's regime.

We in this country are inclined to turn up our noses at dictatorship as practised in Germany and Italy, but in our opinion these countries have in certain respects handled their economic problems in a more intelligent way than we have.

In Canada the index of the hourly rate of wages paid in a number of important industries increased from 168.3 in 1933 to 191.7 in 1937. That is the increase was about 13 per cent. As a matter of fact the index of wage rates is higher now than it was in 1919 when farm products were selling at war-time prices. In the United States the increase in wage rates must be greater than it is in Canada. Yet both countries are faced with a grave unemployment problem and are spending vast sums on relief.

In Germany people do not have to bother about self-seeking labor leaders and self-seeking reformers. Hitler is the big boss and people have to do as he says. Herr Hitler says he cannot raise wages because such a policy would interfere with the increased production of goods and retard national progress. The rate of wages under Hitler's regime has remained practically at the same level as it was at the bottom of the depression five years ago, yet the average worker is better off because he has steady employment.

This is what Hitler has accomplished for workers, according to an article which appeared a short time ago in the New York Times. We quote as follows:

"Achievements in German domestic affairs in the last five years are impressive, even startling, provided one disregards the financial factor in them. Industrial production has risen from 34,800,000 marks in 1932 to approximately 75,000,000 marks in 1937; that is, production has more than doubled. Agricultural production has increased in value from 8,700,000 marks to 11,900,000 marks. The national income has risen from 45,200,000,000 to 68,000,000,000 marks.

"Unemployment has decreased from more than 6,000,000 in January, 1933, to a little more than 500,000 in January of this year, and of this half million by far the larger number are actually of physical or racial disability. While wages have practically remained stable at the lowest levels of the depression, earnings have increased both through steadier and longer working hours and by reason of shifting workers into the higher wage brackets. The index figure was 92.7 for a four-week period in 1933; it is now 111.9, and the nation's total wage income has increased from 26,000,000,000 marks to 39,000,000,000.

"While capital income, as shown in the reports of German industrial corporations, was practically nonexistent in 1932, because the companies were then not only unable to make a return on the capital invested but not even able to meet depreciation charges, the average German stock company last year could write off eight per cent of its turnover for depreciation and still show a profit of 630,000,000 marks for 1936-37, as compared with a loss of 470,000,000 marks in 1932-33.

"As a result of this industrial expansion government revenues have risen from 10,170,000,000 marks in 1932-33 to approximately 18,000,000,000 in 1937-38. The government's unemployment charges have decreased in the same period from 2,081,000,000 marks to something less than 600,000,000 marks a year."

We personally don't like the idea of living under a dictatorship, but it is our opinion that the average man does not care what system of government he lives under provided it gets results. There is an old saying that nothing succeeds like success. Hitler with his policy has been getting somewhere, while our so-called social reformers, notably those in the United States, have been getting nowhere.

We said to a politician who was in the office the other day, "Unless you fellows get down to brass tacks and quit encouraging certain classes of labor to exploit other classes, we are going to have a dictatorship in this country in 10 years," and we believe future events will show that we were right.

## Ontario Wheat Growers Handicapped

REPRESENTATIVES of the Ontario Flour Millers' Association have been requesting the Federal Government to give them and Ontario wheat growers some consideration in regard to freight rates. As things are at present, the rates on Ontario flour impose a handicap on the millers in meeting competition in foreign markets and this, of course, means that Ontario wheat growers receive a lower price for their wheat than they would get otherwise.

The freight rates on grain from Ontario points to the seaboard are also higher than they should be. Here is a curious anomaly. The rate on South African and Argentine corn from Quebec City to Chatham is 14 cents per cwt. On Ontario wheat and wheat products the rate from Chatham to Quebec City is 26 cents per cwt., or almost double. While Ontario wheat has to pay a rate of 21 cents per cwt. from Chatham to Montreal, the average rate Australian wheat has to pay to the seaboard is about 12½ cents per cwt. This gives Australian wheat growers a very distinct advantage over us in the export market and under these circumstances it is not much wonder that 10 flour mills in Ontario with a combined daily capacity of 1,100 barrels have had to discontinue operations during the past three years.

Australia, which is one of our chief competitors in the export market, has also the advantage of a depreciated currency. For example, in a publication issued by the Department of Trade and Commerce at Ottawa, the price for wheat received by the Australian grower was given as three shillings and twopence per bushel. This at the normal rate of exchange would be equivalent to approximately 76 cents, but with the depreciated currency in Australia it is equivalent to 63 cents. This, with the advantage of lower freight rates, has enabled Australia to capture markets which were formerly held by Canada. Thus in 1927, 86.4 per cent of the flour imported by the British West Indies came from Canada. In 1936 only 62.5 per cent was imported from this country. In 1927 no flour was imported by Trinidad from Australia, but in 1937 24.1 per cent of the imports were received from that country, while imports from Canada dropped from 99.4 per cent to 58.8 per cent.

Ontario is going to have a large crop of wheat this year. Only about 4,000,000 bushels are required for domestic needs and the rest must be exported. A large part of last year's crop is still unsold, and unless the pressure of supplies is relieved by export unnecessarily low prices are inevitable.

It is to be hoped that all the facts of the situation are taken into consideration by the powers that be at Ottawa and that the present disequilibrium in the freight rate structure is remedied. Ontario wheat growers do not want a "hand-out" from the Government. They merely request justice.

---

It is estimated that world supplies of wheat will be about 435,000,000 bushels larger than last year. Excluding Russia and China, a world crop of around 4,160,000,000 bushels is forecast, on the basis of present prospects. The increase is mainly caused by higher yields in Canada and the United States.

If trade conditions in the world were normal, this year's large crop could be sold at remunerative prices, but with European countries restricting imports and stimulating home production by means of quotas, tariffs and subsidies, lower prices and a large carry-over seem to be inevitable. The United States Government is encouraging farmers to hold their crop off the market, but it remains to be seen to what extent this policy will maintain prices.

## Rippling Rhymes

By Walt Mason



SOME old delegates can tell, by the aspect, by the smell, of the leaves upon the trees, by the briskness of the breeze, by the dew upon the pike, what the weather will be like. Seers official have their maps and their colored charts, perhaps, and a lot of queer machines well designed to spill the beans; and they study all these things, and announce to us, "By jings, storms are coming from the east, there will be a flood, at least, that will make the rivers go to a ghastly overflow. And a blizzard will come forth from the bleak and frozen north, so you'd better hide away underneath a stack of hay." But these prophets have to place with the true forecasting race; they are doubtless worthy chaps who must have their charts and maps; they were never born to read signs that all true prophets heed. But beneath his trees and vines rests the man who's studied signs since he was nine inches high; and he views the brilliant sky which gives promise of a day that will be serene and gay; and he says, "The wind's not right—there will be a storm ere night". And behold, by afternoon winds like banshees wail and croon, and the rain is pouring down, flooding out the weary town. But official prophets say, "It will be a pleasant day, and to picnics you may go with no fear of grief and woe."

(Protected by The George Matthew Adams Service)

20088



# Hard Country and Gold

XXII

## By Clem Yore

AFTER arriving at the trap-line cabin Kon-It'l's wound was washed out and redressed and the shaman made comfortable on a bed beside Kanuakalak. Julie Marie cooked a big meal and then placing Crowfoot on watch, Jim and the girl went to sleep. Worn out, Jim dropped into a deep slumber from which he was rudely awakened by Crowfoot's cry of alarm.

"What is it?" he asked, noting that Julie Marie had gone.

"They have come," announced Julie Marie, who was staring out of the tiny window. "The bottom is full of them, Jim. Must be seventy-five or a hundred. Tuyuk is talking. Here he comes!"

Jim went to the window. Tuyuk was seen approaching, alone.

"Tell him, Crowfoot, that if he comes any closer I will shoot him," ordered Jim. Crowfoot cried a jabbering pargon through the door. Tuyuk stopped, lifted his voice and yelled: "Give us Kanuakalak, then we go."

Jim stared around at a sound from Kon-It'l. Julie Marie said: "Kon-It'l wants to talk to Tuyuk." Jim lifted the shaman to his feet, and assisted him to the door which Crowfoot opened. Tuyuk, at sight of Kon-It'l, started to rush forward. Jim pointed a rifle at him. Tuyuk stopped, then yelled: "Where is Kanuakalak?" Kon-It'l, pain-stricken, had difficulty in talking; but after an effort raised his voice until it carried across the bottom. "Go back to your villages. If you make fight with white man I will be killed. Moreau's girl is here and she is doing much for me. I am shot in the hip. Unless I get to white doctor I will die." Tuyuk laughed, wickedly.

"Why does shaman trust white girl? Kon-It'l knows how to heal. Why does he not use his medicin?" An angry bellow came from the Indians. They moved forward in a concerted action as if to rush the cabin. Kon-It'l yelled, frantically: "You are like boys! Papin is dead; Murdock is dead; Senati, the son of Kanuakalak, is dead! Nothing can stop the magic of the white man! Go away before it is too late!"

"It is the bad medicine of Kanuakalak!" yowled Tuyuk. "Give the evil woman to us and we go. If you do not, then we make fire, burn cabin."

Kon-It'l screamed for Tuyuk to go, Jim holding him up with an arm; for the old man was plainly about to collapse. But whatever he said was met with loud jeering cries from the maddened savages eager to assault the cabin.

Back of Jim, Julie Marie stood, a small pocket mirror in one hand, daubing her face with the foul mess of grease which she dug from the can of rancid drippings. Swiftly she worked until her entire countenance, her throat, both hands and wrists were speckled with repulsive looking blotches and pimply areas resembling pustular eruptions.

Her face was transformed into such an atrocity of horror that she could not refrain from smiling as she stared in her glass after placing the can back on the shelf. Then she leaned over Kanuakalak who had been lying in a stupor, oblivious to the hullabaloo going on about her. "Kanuakalak," she said, exhibiting herself to the old woman, "please tell them that unless they go away, at once, you will do to them what you have done to me." Kanuakalak's eyes widened as she partly lifted herself from the bed.

"What has happened to you?" she gasped.

"I did it with that can of skillet-drippings," laughed Julie Marie. "Hurry, Kanuakalak! Cry out to Tuyuk, I am going outside! This is our only chance to save you."

She ran to the door, brushed by Jim and Kon-It'l, and stepping clear of the cabin, exhibited herself to Tuyuk and the bucks behind him. Instantly, the Indians stilled. Then the voice of Kanuakalak came out of the cabin in a high, thin, squeaking pitch: "Tuyuk, see! My medicine is stronger than that of Kon-It'l and you! You try *maka-putik-maka;* but I no care! I bring two sons of Bo'-jo Jim O'Neill and Kon-It'l is shot. Now I make Moreau's girl get the quick stinking sickness. Come and get her! Come and get me! If you think you are a shaman, Tuyuk, come into this cabin. What I can do to white girl, as fast as you can wink your eye, I can do to you and all your men. Tuyuk is a fool! Ha! ha! ha! he! he! he!" The old woman's voice ended in a screeching crescendo which caused even Jim to turn about and stare at her. Julie Marie started toward Tuyuk.

"Take me with you, Tuyuk! Take me with you!" she screamed, staggering through the snow. "Help me! My father was friend to you and your people, many years! Help me now! Save me from the evil of Kanuakalak! Ohhhhhhhhh, Tuyuk!"

Tuyuk seemed paralyzed as the girl tottered toward him; his mouth gaped, his eyes popped, and then, wheeling, his voice lifted in a loud scream of fright, he yelled: "It is true! This girl has the stinking-sickness! See her face! Run!"

That band of men needed no second urging. It split in all directions, fleeing with shouts of utter alarm. Tuyuk, too, was fear-stricken and hurried up the bald mountain where he gathered his men and vanished over the ridge. After Kon-It'l had been carried to his bed Jim said to Julie Marie: "You imp, however did you get such a detestable make-up?" She showed him the can of old grease, laughing, as she said:

"Before you rescued me I conceived the notion of using that to frighten away the two Indians guarding me. Then, just now, the idea came again. But wasn't Kanuakalak great in the way she played her part? Wasn't she splendid?"

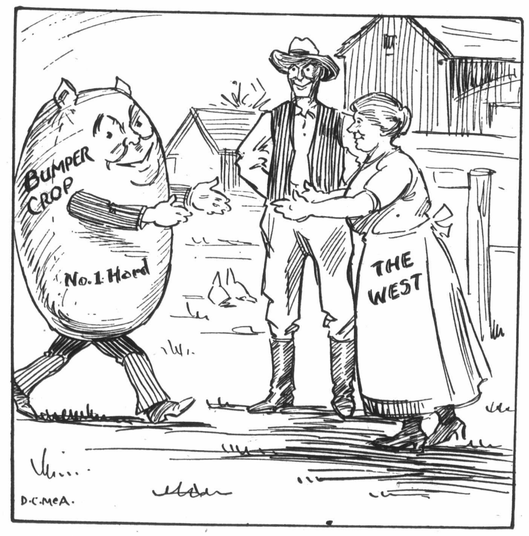
Kanuakalak said: "Wipe it off, Julie Marie, you make me think of nothing but blisters." Kon-It'l groaned and turned to the wall. Crowfoot walked outside, returning in a few moments.

"I hear guns! Over hill I hear guns!" he said.

Jim ran from the cabin; heard the intermittent purring sound of a sweetly clicking motor. As Julie Marie finished cleaning her face she joined him. "That's Larry," he said. "He's making wide circles between this place and Swede Ole's." Then the airplane was distinctly heard. Jim threw some wood in the stove causing a white smoke to rise above the trees. After a few moments the airplane appeared, circled twice, and then swooped. Larry was seen at a cockpit window with Audrey Page. He waved a hand, and, as the ship dropped like a hawk into the little bottom, he threw out a weighted parcel, waved again, elevated the plane, gave her the gun, and boomed away. Jim ran to the package, tore it open and read this note:

"Karluk reached Smith's at five this morning. Bishop Fleming, Moreau and Touhey with relief party are at Swede Ole's hide-out where they caught Billy the Mug and Ole. I'll send them here and when you get back to Ole's will shoot you-all to Moreau's. Audrey says: 'Let's make it a double wedding'.

Larry."




*When the prodigal returns.*

After reading the note Julie Marie snuggled into Jim's arms. "I'll always keep this," she said, "just to remember the thrill I feel racing through me this minute."

"I'm going to take back that old can of grease," said Jim, "seal it up in a mason-jar, all bound round with a red ribbon, to remind me how you looked when you ran into the snow. It has been a long, broken-up sort of courtship, you and I have had, honey, but from now on I'm the loving lobo."

"Who's afraid of the big, bad wolf," chirped Julie Marie. "Just read my answer to that in my eyes."

"I don't know whether that is a threat or an invitation, but whatever it is, it makes my arteries go tinga-ling-ling. Here's my badge of ownership." That caress! Jim said: "From now on you go where I go, stay where I stay, and be the other part of me. There I am! Off in a cloud of dust."

"I'll be as easy to get rid of, Jim, as a birthmark. Don't you know that nothing can douse an Alaskan spouse?" Julie Marie's eyes were cascading with tumbling gaiety; but she was filling with emotion that was bringing her to the borderland of sobs.

* * *

Later, Bishop Fleming, Pierre and Mike arrived with sleds and returned Julie Marie and Jim with Kanuakalak and Kon-It'l to Swede Ole's. Here they found Billy the Mug and Swede Ole guarded by some of Smith's men, who had caught them as they were attempting to escape to the Yukon. While Bishop Fleming looked after Kon-It'l and Kanuakalak, Jim told what had happened to him and Julie Marie. Then Audrey Page narrated her adventures.

Billy the Mug had come into Circle the day after Christmas, unknown to her, had conferred with Art Peavey and then had set out for Swede Ole's. She did not learn of his presence in Circle until some days after the big blizzard. Then when Larry came to her she had told him that Billy was on his way to join Denby and Papin. Larry told the radio operator at Fairbanks to tell Jim to hide the totem and to be on his guard; for at that time Audrey did not know exactly where Billy was or what he would do. When Art Peavey told her that Billy's destination was some new hide-out of Swede Ole's, she got in touch with Larry and he attempted to call up Julie Marie. Not being able to communicate with Moreau's they decided to fly over and see what was wrong. They landed the day after Julie Marie was caught by Papin; picked up Mike and Pierre and flew to Smith's, where they learned that the girl had not appeared. Two days later Bishop Fleming came in and reported that he had been attending to twelve or fifteen cases of smallpox which Papin had spread in three scattered villages.

When Karluk reached Smith's with the news that Julie Marie and Jim were with Senati and heading after Kon-It'l to rescue Kanuakalak, Larry and Audrey cruised the forests hoping to locate them; but the dense tree tops prevented them from getting their trail. They were about to give up when Audrey spied the white spiral of smoke arising from the trap-line cabin's chimney.

Billy the Mug and Swede Ole, after being told that Murdock and Papin were dead, revealed the entire plot which had been planned by Murdock, after Papin had told him of meeting Jim at Dutchman's Creek. Kanuakalak related how Papin, while the Christmas festivities were going on, had come to her, bound and gagged her, throttled the papoose, and laid it on the owl-feather pillow, and then had taken her away on a sled stolen from Moreau's. They had laid out the storm in a wickie-up where Papin had been staying while in communication with Kon-It'l getting ready for this coup. Kon-It'l corroborated all Kanuakalak said. The stricken wretch was more fearful of his people than he was of any punishment in store for him from the Alaskan authorities.

It took but two days for Larry to transport everybody from Ole's to Moreau's; and two more for him to fly back to Fairbanks for U.S. Marshals to bring Kon-It'l, Billy the Mug and Swede Ole to jail. Then he applied for and received a thirty-day leave of absence with the use of his plane.

With Jim, Pierre and Mike, ten days after the rescue, Larry flew to Jay Bird River, selected a level, snow-covered slough, about a mile-and-a-half from where Jim's father had

(Continued on page 10)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA



# The Countrywoman at Home

## Letters of a Countrywoman

DEAR AMY:—

If you didn't like cats, and persistently refuse the neighbors' kind offers to wish one on you, and then have a dainty, fascinating little kitten plant herself in your household like a burr on a silk skirt that refuses to be shaken off—well, just tell me what you would do about it? This kitten arrived about a week ago, and spent her first night on an easy chair on our next door neighbor's verandah. Next morning when we were weeding the flower border the kitten sidled up to the dividing fence, put a paw through the wire and tried to play with my fingers as I pulled up the weeds. I shooed it away, and told it that I didn't want any cats—and a few minutes afterwards found it purring beside me. How did it get over the fence? I strongly suspect that Queenie knows how it got over! I took it by the scruff of the neck and gently planted it on the other side of the woven wire fence. She ran up and down the fence—trying in vain to poke her head through. Presently she sat down, and took a careful survey of the situation, and then her 'sea-grey" eyes spotted something—a tall cherry tree on our neighbor's side of the fence, but with branches bending over our side. Kitty skinned up that tree like a flash and dropped down beside us. I couldn't help admiring her cleverness and I laughed—then I knew that the cat and Queenie had won out—any resistance on my part was out of the question. "Poor little thing, she's hungry!" And off Queenie went to warm up some milk—although I told her that with the price milk is nowadays, that kitten would put me on relief—but she doesn't care!

We had a treat last week-end. Beryl and Ross leaving their family in the care of their helper drove up in time for dinner on Saturday, and went back to Muskoka on Sunday. After dinner Ross thought he'd take a sun bath. After a while he gave up the attempt. He said it was no use trying to rest in the sunshine with half a dozen bluebottles—each about the size of a partridge—roosting on his face.

The poor boy had rather a tough time of it this trip as the radiator of his car got overheated and made the water boil, so he had to stop at several places and cool it off with cold water. At Orillia he had to get it blown out or something.

We still have a cottage unrented; the people took it and then gave it up. Ah, well, everyone is apt to have worry and we mustn't expect things to go too smoothly.

I had a pleasant surprise on Monday. A good-looking lady called about noon and introduced herself as Mrs. F——, who occasionally read my C.C. letters. I think she said her husband's office was in the same building as the C.C. Her husband came along presently and recognized me. They had been sitting on the seat in the little park when I had paused there to say "Good-morning" to the flowers on my way back from the Post Office. I hadn't seen them, for, as you know, I'm rather dumb and stupid when there is an East wind blowing, and east seems to be the prevailing wind this year.

On Tuesday there was a garden party at the Rectory, and on Wednesday I 'phoned to the hotel on the hill to ask if Mr. and Mrs. F—— would come and have afternoon tea with us; but I was too late, they had gone. However, they seem to be very nice people and I hope to meet them again—some day when the east wind is not blowing.

I hear that the garden party was quite a success financially as well as from a social point of view. I don't know how much money was made, but the object is to help towards finishing the basement of our church.

Queenie and I found it very pleasant sitting there listening to the band, and watching the pretty faces and bright dresses of the young people. I think that girls are wearing more vivid colors this year than ever before. Sometimes in a group of four you will see so many harmonizing colors—green, pink, blue and yellow. The blues and yellows are especially pretty. I often smile now to remember how frightened we were of wearing bright colors when I was young. It is true there isn't much to the dresses nowadays, but surely they are more graceful and artistic.

Now that the school is closed I miss the hundreds of brightly dressed girls streaming past Sunshine Cottage. And the boys, too—many of the smaller ones have a cheerful "Hello" for me when we meet in the street. You are wrong when you say that I like boys better than girls. I'm very fond of our girls. I just want to see a more even division, so that there will be a boy for every girl. You may be right when you say there are more boys than girls out of work. It certainly seems to be that way in Parry Sound! All the time I've been here I have never had a girl or woman ask for food, but there are lots of boys and men in that sad condition. It must be hard for a young man to have to ask for a bite to eat, but I think that anyone who has something to give should give cheerfully. My slogan during June was, "Give with a smile or don't give at all", but I'm thinking of changing it to "Kick up a fuss and you won't be bothered so much". However, I've only sent one man away without food when he asked for it, and that was because I hadn't done my shopping that day and I hadn't anything to give.

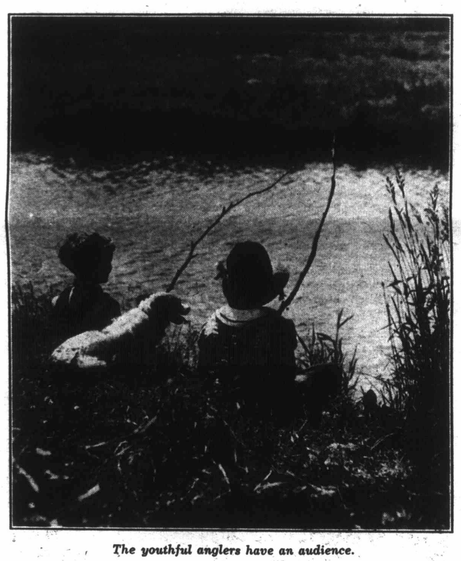
An interruption here: The kitten had disappeared. Queenie had put it in the woodshed while she went to see a pink lily that was blooming in Mrs. T——'s lily-pond. When she came back there was no sign of the kitten. We both searched carefully, upstairs and down and in the garden, Queenie calling "Kitty, Kitty, Kitty". Presently she heard a faint "Meow". She said it seemed to come out of the skies, but I assured her that she was mistaken—that kitten was no angel. It had broken down one of my coreopsis this very morning, taken the flower in its paw and pretended to smell it, and so broke the stem. The meow came again and was located in the apple tree—quite out of our reach. Our neighbor's son came to the rescue; he climbed the tree and handed down the kitten. It's queer that a cat can run up a tree with apparent ease, but cannot come down. It doesn't know how to back up. So I'm out of luck again. I don't want the little thing to be killed; but I wish its mistress would claim it. You can see it is a pet cat for it is clean in its habits; and accustomed to being petted.

Phyllis has been doing without her helper since the holidays began and letting the girls take week about to do the housekeeping. It seems to agree with them as they are all looking fifty per cent healthier than when they were attending school. Of course, they are out-of-doors a great deal, and then it is a relief to know that the exams are happily over—passed with honors. They do a lot of swimming and, of course, Peter must "wim", too—he loves being in the water and does not mind being "ducked". I am glad to know that there is a caretaker—or supervisor—taking care of the beach this summer. Sometimes he takes Peter out to "wim", much to that young gentleman's delight.

I wish you could see our little garden—the roses are especially beautiful. Of course, we know they will soon be over, so we are just revelling in their beauty while we can. I'm glad they have thorns—it saves them from the kitten. He doesn't like to have his little paws pricked, so he does not molest them.

The vegetables are doing well, too. We had new carrots for dinner, and our second crop of lettuce is ready to use. Next week we will have green peas, green beans, beets and carrots—all we want to use, and the cauliflowers are already forming little heads. There is something thrilling and

(*Continued on page 12*)



*The youthful anglers have an audience.*

## A Quiet Game of Bridge

By Bertha C. Foster Golder

THE telephone bell rang and Mother's voice asked, in agitated tones, for Dad.

"Your mother went over to Mrs. Seymour's, for a game of bridge," he remarked, taking the receiver from my hand. "Yes, yes, dear, I'll bring it over as quickly as I can. Why . . . ." but Mother had rung off.

"Two quarts of tomato juice, at once," Dad repeated, wonderingly. He sent me down to the cellar to fetch the sealers.

"It must be a party, if they want all that," I said, as Dad put on his coat.

"They seem in a hurry," he remarked, ruefully, his eye on the arm chair near the radio, where he had been comfortably listening to an exciting program. "I shall not be long, Anne. I hope," he added.

"Strange, sending for tomato juice," I muttered, but I, too, was interested in the radio and soon forgot the unusual request.

After a considerable time the front door opened and I heard laughter and excited voices in the hall.

"Everything went wrong from the start," Mother was saying, speaking very fast. "Mrs. Seymour had put the younger children to bed and Mary had gone out with her boy friend, Ted, and taken the red setter for a walk, so we thought we were going to have a peaceful time. Mrs. Clarke and Alice Brown, like myself, had been asked in for just a friendly game. But, from the first, as I said, everything went wrong."

"Too bad," Dad murmured, helping Mother off with her coat.

"The house was chilly," she continued, "and Mrs. Seymour lit the grate fire, but nothing would make it burn. We took turns in holding a newspaper in front of the grate, until our arms ached, but directly we put it down the fire went out. Mrs. Seymour had to

(*Continued on page 11*)



# The Hearthstone Circle

THE impossible (or practically impossible) does happen sometimes and my trip to Winnipeg did come true. Ten wonderful days—packed to the full. Days and nights on the train—and how I love them! Days visiting with old school friends—and how we talked! Then the splendid days at the Canadian Women's Press Club Conference—what a glorious time we did have! All I need now is ten days in which to recover my breath.

Some folk moan about the weariness and monotony of travel, specially long train journeys, but to me the longer the better, they never make me either tired or bored. To me it is a pleasure to be able to sit while other energy than my rather exhausted supply, propels me comfortably through rolling miles of lovely landscape. I like to talk with anyone who is willing to talk with me, though I like just as much to rest and say nothing. I like to balance my way back to the observation car and watch the silver rails unwind into the ever rolling distance. I like to get off at the longer stops and walk up and down amid the station bustle. Most of all I like to go into the diner and while away the time over the always delicious food and coffee and enjoy the always pleasant and expert service while our so amazingly small and equally amazingly efficient dining-room and kitchen are swayed along beside an ever changing picture framed by the window at each table. I really like to sleep on the train, too, in the snug, comfortable berths and lulled by the song of the wheels.

It is specially nice now with the air-conditioning which keeps the whole car fresh and just the right temperature and also eliminates the dust and cinders which were the inevitable accompaniment of open windows.

Yes, I love travelling on the train and this last trip taken though it was in the midst of a hot spell only confirmed me more thoroughly in my love. Give me the opportunity and I'd be off again to-morrow—to the Coast this time—either or both, but I'd have to have my family along. What I covet for our boys more than anything is the chance to travel and, first of all, the thrill and education of seeing their own land from coast to coast.

They say if a person wants a thing badly enough and keeps working toward it, they will get it eventually. What I am working toward for each of our children is a year of travel before they go on to college—if they do. The ideal age for children to travel is between ten and sixteen. They are most observant then and not too concerned with romance. It looks as if I'll have to hurry with our fourteen-year-old. He is getting very "grown-up" and the travelling funds are still very tiny. He'll probably solve the problem by earning his own way about when he gets a little older, but it would be so nice to be along with him for once at least. You see, I was almost literally "born travelling" myself and nothing amazes me more, when I have time to think of it, than to find myself in the same house doing the same things year after year—and liking it, too. It takes a trip like the one I've just had to get the wander lust working again.

JANET JEAN.

Dear Janet Jean:

Now that we are getting settled I miss the letters of my Circle friends. Our C.C. has been forwarded so I am able to follow the discussions and enjoy the magazine as per usual. Although we had many well-wishers, we didn't succeed in leaving our northern home until shortly before Christmas. We were obliged to slaughter two head of cattle and that was really the worst day I've ever lived through. I hated parting with my pets and up until the very last I hoped some one might adopt one or more.

We left on a very cold day which became more so as the sun went down. I nearly froze on the way out. A neighbor gave us a cup of tea but I was anxious to be at the station in time. There was no wood there and the train was late. We were a hundred miles south before I felt warm all through again. I enjoyed the trip in the air-conditioned coach and rested well without a sleeper. It was a beautiful moonlight night and hard to believe it was 22 degrees below outside. Everyone was pleasant. We were delayed by a freight derailment but made up the time and were only an hour or two late upon our arrival at Toronto.

I was delighted that it was daylight when we were getting in so I could see the trees. Even though leafless they seemed to welcome me. Yes, we had trees up north—too many of the wrong kind—but I loved the birch which were all too few. We had sent down a box of preserves and canned goods by express and that gave more trouble than the Customs Inspector of all the rest of the baggage.

Friends met us at the station and, after lunch and a little visit, we returned to the business section. I had to walk all around Eaton's College Street so as not to miss a single window, before going upstairs where the blind pianist was playing carols in the piano department. One advantage of a long absence is the thrill of the return. In the evening I had a few visitors, a correspondent, a neighbor's boy from the North and the younger ones home from business. After spending a comfortable night we 'phoned some of my Circle friends and, though we were unable to meet, it was fun to hear their cheerful voices. We had an appointment to meet a friend and correspondent of long standing, together with her husband, at Eaton's next day. More fun—it was quite easy to recognize them for they were exactly as we had imagined. Such a lovely place for lunch as the Georgian Room was before Christmas with its bright decorations and carol singing. Can you imagine how hungry I was to hear them?

After lunch we were taken by our friend to spend the night at their farm in Peel County. That I won't describe except to say how much I enjoyed seeing the cattle and poultry (not to mention gathering and counting eggs). Before the open fire that evening I could not but think of the comparison between real farming and pioneering in the North. I cannot go into detail of that visit without making this too lengthy. We returned to Toronto the next day and in the evening left for Philadelphia, where we spent Christmas.

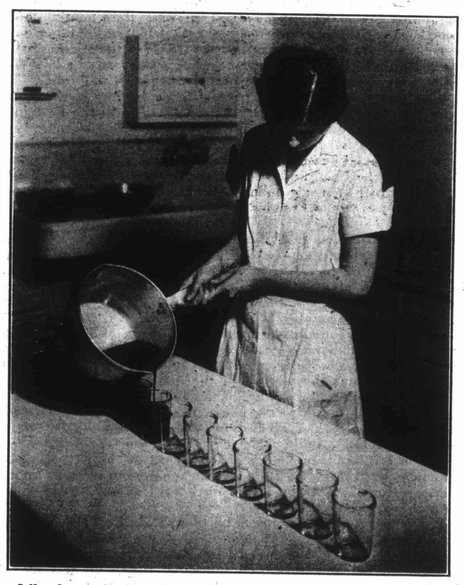
During our stay in Philadelphia we visited the Franklin Institute. We didn't see nearly all we wanted to and intended going back to the planetarium—but we didn't. We also attended the private view at the Academy of Fine Arts of the Annual Exhibition of Oils, and several smaller exhibitions.

We sailed from New York on St. Patrick's Day after an early morning drive over from Philadelphia. The music was playing, streamers flying and people waving and shouting, till I became a little teary as the skyline faded. But there was much to be done and this was my first trip to sea. I decided to unpack and then go on deck. Although it was a cruise ship (making its last trip) we had to introduce ourselves. Our first day out was very rough and many did not go to the dining-room at all. There were about sixty passengers on board. I was none too sure of myself, but was one of the three women on board not seasick. I didn't count the men but some of the crew got caught. Each morning there was a ship's paper put at the cabin door giving the events of the day on board, the world news by radio and the stock market report. On our second day out it was more calm and we had a boat drill, replete with life belts and even the fire hose going, with everyone at their consigned boat stations. All directions are given from the bridge by a special broadcasting system.

On Saturday evening the Captain gave a get-together dinner. The menus were special with a place for autographs and favors for all. Everyone had on their best bib and tucker. Later there was dancing on the sport deck. Sunday morning there was service, and in the afternoon we obtained permission to visit the bridge. This was most interesting but space will not permit detail. The methods of discovering and checking fires were nothing short of miraculous. Every possible precaution was taken to ensure safety. We also visited the chart room. The sea was the most beautiful color.

Early Monday morning we were awakened by shouts that I thought were from a man overboard no less, but they were Haitian swimmers who had come out to dive for money as the ship came in. There were from fourteen to eighteen. Our cabin was on the promenade deck so I could hop in and out easily. Haiti is hilly and barren. We stopped at Point au Prince, where we hired an auto and went to a hotel to meet a Haitian woman who had come down with us. She spoke a little English but mostly French. The natives speak English and a dialect which is partly native and partly French. Everything is done by bargaining, so the markets and streets are noisy. The hotel was more like a large private home. A number of young men (the Jamaican football team) were having breakfast on the verandah.

(*Continued on page 12*)



*Jelly glasses should be thoroughly sterilized and placed on the table where they can be filled easily.*

## From the Open Kettle

HOT as the weather is just now the preserving kettles must work overtime for the fruit season is at its height. This week we are concerned with jams, conserves and jellies, and to get the best results and insured keeping qualities recipes should be followed closely.

It is always best to make small quantities of jams and jellies at one time, as the mixture cooks better, does not boil over if a large saucepan is used, is in less danger of burning as it can more easily be stirred thoroughly, and "jells" better. If the quantity is doubled in any of these recipes, you must double the time for cooking and cooling.

You can always prevent a jam or jelly from boiling over in a large saucepan by putting in a good quarter teaspoonful of butter before the boiling starts. This prevents the frothing, and thus obviates skimming also.

If your jelly turns out to be too soft then you have too much sugar for the amount of pectin. The addition of a little commercial pectin before re-boiling will fix it up in short order.

*Raspberry Jelly*

4 cups raspberries
1 cup water
Loaf sugar

Combine raspberries and water. Cook over low heat fifteen minutes. Strain through thin cloth. Measure juice. Add one pound loaf sugar to each pint. Bring to boiling point and cook hard fifteen minutes. Test to see whether jelly is thickening. Add a little more sugar if necessary and test again. Turn into sterilized jars and when cool, cover with paraffin, or memba seals. Approximate yield: 6 one-half pint jars.

*Kate's Blackcap Jam*

4 cups blackberries
2 cups black currants
4 cups sugar
¼ cup fine brandy

Wash the blackberries and currants, which should be ripe but not overripe, and add sugar. Cook slowly, stirring a little to keep from scorching. When beginning to thicken add three spoons of brandy, simmer a few minutes longer, and remove from stove. Use remaining brandy to moisten paper tops to your jam jars. Fill jars with jam, cover with paper tops, and later with pleated paper caps. Tie and seal.

*Ripe Gooseberry Jam*

1 quart ripe gooseberries
3 cups sugar
1 cup cold water

(*Continued on page 18*)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA




## Unto the Hills

"I will lift up mine eyes unto the hills: from whence cometh my help? My help cometh from God who made heaven and earth."—Psalm CXXI: 1.

"Unto the hills around do I lift up
My longing eyes.
O whence for me shall my salvation come?
My hope arise?
From God, the Lord, doth come my perfect aid.
From God, the Lord, who heaven and earth hath made."
—Psalm CXXI: 1 (Metrical).

ONE cannot choose but quote also the metric version of this text which has been so loved by all hill dwellers since it was first written so long ago.

In ancient times the hills were a sort of sanctuary, a refuge when tribal battles pressed too closely. They were a natural fortress from which men might sally forth to defeat their enemies—a hiding place in which they might find safety and rest and abiding. Even in our later and more troubled years hills have proved bulwarks and offered safety to fighting men.

But it is seldom for physical safety or material advantage that we lift our eyes to them to-day. Dwellers among the hills we find in them a sort of stalwart friendship, a brave abiding in spite of all our petty change and loss. Holiday folk who know them less well, recognize in them strength and loveliness—not enemies to subdue, as men talk of the insurmountable Mount Everett, but wise and kindly seers ready, are we but willing, to open to us from their heights a vision of the world below, and from their valleys to instil us with a strength, a quiet courage, a steadfastness, which we may take back, not a mere memory, but part of our very selves, into our daily life.

God speaks to our hearts in many ways, in none more clearly than in the strength and loveliness of the hills which He has made. Though we may not stand among them they are a refuge for our hearts, "a peace out of pain". In grief, in loss, in loneliness, they speak to us of endurance. In struggle they speak to us of strength, and in defeat of an abiding security.

Yet in themselves these hills to which we lift our eyes are merely rock and stone. Imperishable and unchanging though they seem to us, we know them to be mutable, and are aware that during every hour time carves even on them, its slow inexorable change. As Jesus said to His disciples, the hills might well make answer: "The words that I speak unto you I speak not of myself". "I have not spoken of myself but the Father which sent me, He gave me commandment what I should say and what I should speak. . . . Whatsoever I speak therefore—even as the Father saith unto me, so I speak."

So it is that in times of anxiety, we "lift up our eyes unto the hills". "From whence cometh my help?" we question. And the answer is immediate, "My help cometh from God, who made heaven and earth".

God "who made heaven and earth"—The same stars, the same hills that have watched, unchanging, over our lives! We, too, are the children of this great Creator. Our help is with Him; our lives are in His hands. There is no more to be said, the hills have spoken their message.

"The Lord is my light and my salvation, whom shall I fear? The Lord is the strength of my life; of whom shall I be afraid? . . . In the time of trouble he shall hide me in His pavilion. In the secret of His tabernacle shall He hide me. He shall set my feet upon a rock."

However haltingly we have followed Him, whatever blunders we have made, we are His. Now, in the midst of disaster, we may trust in Him. Waiting on Him we may be "of good courage"; for He "will strengthen our hearts".

—CLAUDE R. VANE.

## Talky Tooter of Balsam Grove

By Bertha E. Green

THE bird that had alighted on the water with hardly a splash was quite near Grandfather Gurk, the bullfrog, and his lily-pad, and Grandfather Gurk was happy once more—he had someone to talk to.

The bird that floated so lightly and easily upon the surface of the pond was not a small bird, being at least a foot and a half in bird-length, or from tip to tip. Its feathers were mostly white, only the wings and back being a darker soft bluish grey, excepting the ends of the neatly folded wings, which were black with white tips. The eyes and also the feet of the bird, which the bullfrog had noticed, when the bird was about to light, were yellow, the feet having a faint tinge of green.

Now the bullfrog was particularly interested in bird-bills, for he often noticed that, even though the feet, body, wings, tail, and even the head of one bird might appear to be the same in shape and color, as those of another bird, there was, almost always, a difference in bills. So it was, that Grandfather Gurk looked at this bird's bill very carefully and, as he expected, the bill had a distinguishing mark on it. This mark on the greenish-yellow bill was a jet-black band that crossed the bill near the tip.

All the time that the bullfrog had been looking at the bird, he had been asking himself the question: "Who can this bird be?" He had just made up his mind as to what family the bird belonged to, and was going to speak, when the bird spoke, saying:

"I know what you are going to say, Master Gurk. You have guessed that I am a gull, but you are not sure what kind of a gull has come to visit you and Willow Pond. Isn't that right?"

"Exactly right," said the bullfrog. "If I had to find a name for you, I would call you a Ring-Billed Gull."

"That is just what my name is!" exclaimed the gull. "Do you make guesses like that every time?"

Grandfather Gurk was pleased with himself, but did not reply. He just said nothing at all, and tried to look very wise.

"I suppose you wonder why I came to the pond," said the gull. "I have heard about you and about Willow Pond, from some of my friends, the lake-birds who have visited you, but what I really came here for, this morning, was a fish."

"Did you catch it?" asked the bullfrog.

"It was here waiting for me," replied the gull laughing. "You see, it was not a live fish, but a dead one."

"Oh, I forgot that you were a gull, and fond of such things for your dinner," said Grandfather Gurk. "And, because you are a gull, and gulls are all lake-birds in this part of the country, your home is by the big lake, and there would be no use in my asking you to come and stay at Willow Pond."

"Not the least bit of use asking," said the ring-billed bird. "Listen, Master Gurk. The great lake furnishes or provides me with far more of the food that I like, than Willow Pond could do, but there is another reason and that is a place for nest-building."

"That isn't much of a reason," said Grandfather Gurk. "Here, on the banks of Willow Pond, amidst the reeds, the rushes, and the marsh at the eastern end, there are a great many places where a thousand birds could build their nests all at once, without crowding, either."

"I do not doubt you for a moment," said the gull. "But every bird has some favorite kind of place for nest-building, just as your favorite seat is on that lily-pad."

"And what nest-spot have you chosen?" asked the squatty frog.

The bird rose and flew to a perch on the end of the sunken log, and then replied:

'Way out on an islet, rough, treeless, and bare,
All stony and windswept—I make my home there.
A grassy-climp, a hollow, grey eggs, two or three,
That hatch out grey gulls, each a Ring-bill like me.

Having said this the Ring-billed gull flew away, leaving Grandfather Gurk alone with his thoughts, and they were of his visitors who, so far, had been most interesting. However, a few days later in late Summer, Grandfather Gurk once again was sitting on his lily-pad, and he had found this morning a most enjoyable one. This had been a "duck-day" for the squatty frog, that is, Willow Pond had been visited by no less than seven different kinds of ducks, and Grandfather Gurk had talked with them all. The Little Butter-ball, the quacking Mallard, the swift Green-winged Teal, the slim Pintail, the Red-head, the Widgeon, and one cross, solitary Black Duck that had halted for a while, and given the big frog a chance to ask questions.

(*Continued*)

(All rights reserved)

## Housewifely Wit and Wisdom

By Mabel Crews Ringland

### Getting the Meaning of it

**A TRIP to our western provinces does something to you. It's a tonic I'd like to prescribe for every easterner at least once in five years; oftener for the smug ones. The West says we're smug and self-centered. Maybe so. A jaunt over the prairies will knock that out of you quicker than anything I know. It reminded me of the explorer who said, "The thing was impossible, so we did it."**

**That's just what they are doing in the West today. Slugging along against impossible odds of weather, grasshoppers, creditors and other killjoys, hoping against hope for a crop *this year*. Everything points now to a bumper harvest in 1938. Rain poured down on northern and central Manitoba and Saskatchewan the other day, like pennies from heaven. It turned the streets of the stirring little outpost I was visiting to a sea of muck, but nobody cared a hoot for personal discomfort; they didn't even bother with umbrellas. In the West rain means life, waving wheat fields, healthy stock, a full dinner pail, the happiness of debts paid off. We in the East just haven't any idea how they pray for it.**

**This week I have talked with all sorts of folk in Manitoba—waitresses and taxi drivers, miners and prospectors, fur-traders and old-timers of the Northwest, co-operative leaders of the new West, editors, railroad men, air pilots, school-teachers, housewives and storekeepers; even the Premier, a former Ontario boy, who, I discovered was a student at O.A.C., Guelph, just before my husband and I attended the College. From the Premier down to the humblest toiler it's the same old story of optimism, of stamina, of faith in the West — something to tie to in these days of uncertain loyalties. Making the best of it, no matter what. Rooting for the West, as much as for yourself, because the fate of every one of us is bound up with that of our country.**

**In Flin Flon, far north frontier mining town of Manitoba, on the edge of Saskatchewan, I chatted with a most intelligent woman of Swedish birth, who is steeped in this spirit of Canadianism. In her attractive home she told me of the interest of their Women's Institute Members in the welfare of the young women of Flin Flon and in the school library; of the Women's Guild of the Co-operative Society and their Fair of All Nations, and other community enterprises, all helping to build a better province, a better Canada.**

**When I complimented her on her grasp of the situation she said modestly, "I *think* I get the meaning of it. But we can't do all things overnight. Each one must work hard at what she can do best and have a patience."**

**There was no doubt in my mind that she *had* got the meaning of it. Orchids to all our Canadian women, who, like her, see the vision, yet don't dodge the homely day-to-day duties that will never put them in the headlines. They are the backbone of Canada, whether they live in the East or the West. May more of us "get the meaning of it!"**

## Hard Country and Gold

(*Continued from page 7*)

found the gold, landed his ship and walked to the hairpin bend of the river. Here, a single chunk of frozen sand and gravel, dug by Jim from beneath the giant fissure, was thawed out at a fire and panned. It yielded more than an ounce of gold in small nuggets and dust. The old sourdoughs, Pierre and Mike, danced about like children. Such a spot had been the dream of their lives.

A camp was made and two days spent in staking placer claims up and down the river in the names of Jim, Julie Marie, Pierre, Bishop Fleming, Larry and Audrey, Leon, Babtiste, Willie Joe, Nowak, Kanuakalak and Crowfoot. These were carefully selected and overlapped, in some instances, so that the ground they included was all in one body, with the conglomerate hill as its centre. Jay Bird River flowed enough water to permit the gold dredge they had bought to be floated to their diggings. This they decided to do as soon as the ice went out. It was agreed not to notify any one of their discovery until the dredge had been installed.

"Unquestionably," Jim said, as they broke camp and were about to start for the plane, "this entire area will prove to be one of the richest placer fields ever found. Remember, Mike, that morning I first looked down into this country?"

"He said the rivers used to run where the mountain tops are now, Pierre," grinned Mike. "Willie Joe thought he was a little daffy and got breakfast fast. He scared Willie Joe, talking about rivers jumping around like that."

"Well, I saw it as clearly as ever I saw anything. Here is the pivotal-point of all the churning up of this whole region. The residue of the Ice Age's grinding down of mountains, and all the detrital flow of the great glacier rivers, centred here. Why, it's like looking at the sedimentary remains of three great ranges, washed-out by supernatural forces and the tailings compressed into one vast deposit of gold-bearing sands hardened into a conglomerate lump that must be miles wide and reaching all the way to bed rock. Holy Smoke, I just thought of something! A town will spring up near here, that will make Dawson City look like a wide place in a trail. Why didn't I think of a townsite location? We'll have to do just that, right now."

Mike looked at Pierre, grinning. He said: "Pierre and I thought that all out. While you and Larry were hammering around, driving stakes and putting up location-notices, we went to that flat, up yonder, which is a moose wallow, like Dawson was first built on, and stuck down a townsite stake with all our names on it. And don't think we didn't do it regular. That notice reads about like this: In accordance with the act of March 3rd, 1891 (26 Statute, page 1905) we the undersigned do hereby claim, by right of discovery and prior location, this townsite, which we name O'Neill, running in the following directions, etc., etc."

"Why, you two old magpies are realtors, now!" laughed Jim.

"Realtors? W'at's dat, Mike?" asked Pierre.

"Oh, guys like Soapy Smith, and those early long-tail, high-hat slickers who knew which way the cat was going to jump and were on hand when she landed to sell her a corner lot to light on. Such fellows have the power of revelation and edge-in on the ground floor of every town that pops up in the front of civilization."

"Dat's us, hein? Realtors! Mebbe we better send down to Skagway for Ma Pullen to run our first hotel?"

"No, we'll get Stroller White out of his Sob Room on The Stroller's Weekly, at Juneau, to come up and install another Sourdough Hotel. He's the baby. Maybe we can do a rushing side-line business, selling snow worms, too."

"Sourdough Hotel," said Jim. "That the one whose stationery is still sold to tourists?"

"Yep," said Mike. "And that fake hotel's letter heads were sold by the carload. It was at 1333 Icicle Ave., Dawson. Rates an ounce a day. Some of the house rules were: Towels changed weekly: Anyone troubled with nightmare will find a halter on the bedpost: Guests wishing to do a little driving will find hammer and nails in the closet: If the lamp goes out take a feather out of the pillow, that's light enough for any room: Don't worry about paying your bill, this house is supported by its foundations. Stroller White had about as much to do with making Alaska famous as any man who ever went inside."

Talking, laughing, spinning anecdotes of early days, Mike and Pierre entertained Jim and Larry as they flew back to Crazy River.

The double wedding of Jim and Julie Marie, Larry and Audrey was to be celebrated St. Valentine's Day. And that morning Bishop Fleming and Jim went to Kanuakalak to inform her of the money banked for her at Fairbanks and to arrange for her disposition of it. Startled and disturbed, she lifted a stricken face to the missionary.

"I believe I will give half to you for your school," she said, "and the rest to the Russian Mission, for a girls' school."

Bishop Fleming said, tenderly: "Have you decided where you want to live, Kanuakalak? I'm taking Okalik and Karluk back with me, until summer; then they return here to work for Pierre. Would you like to make my mission your home?"

"Not a chance," blurted Jim. "Julie Marie and I have talked that all out. Kanuakalak stays with us, always. Her share of Bo'-jo Jim O'Neill's gold isn't all she is getting out of this. She has to share Young Bo'-jo, that's me, and mebbe another little Bo'-jo, coming along, later. She's part of us now."

Kanuakalak smiled into Jim's eyes, and the delight in her face as she realized the import of his words made her positively beautiful. "That way, Bishop," she said, "is better. It is just what I want to do. Always here, with Jim and Julie Marie."

After the wedding ceremony, which Bishop Fleming performed in his trail clothes, and as Jim kissed Julie Marie, Smoky, who had been admitted to the living-room, dropped to the floor, placed his enormous head on his paws and actually seemed to sulk. He shot Julie Marie and Jim swift glances out of the corners of his big eyes in utter disgust.

Pierre Moreau, eyes swimming in tears, brought in a large basket of bottles. "Chambertin, 1904, Mike!" he guffawed. "Now, by golly, you gonna celebrate! Bishop, I got a bottle for you, too. Will you get a little happy wid us ole sourdough fellows? Please, Bishop, Le bon Dieu doan care for yust dis wan tam. Wat y'u say, hein?"

"All right. I'll drink a glass or two, if you will sing The Wreck Of The Julie Plante. You two scoundrels, you'll get me unfrocked yet," smiled the Bishop. "Sure!" yelled Pierre and then sang joyously:

"On wan dark night on Lac St. Pierre,
De win' she blow, blow, blow!
An' de crew of de wood scow, 'Julie Plante',
Got scairt an' run below;
For de win' she blow lak hurricane,
Biemby she blow some more,
An' de scow bus' up on Lac St. Pierre,
Wan arpent from de shore.

De Captinne walk on de fronte deck,
An' walk de hin' deck, too—
He call de crew from up de hole,
He call de cook, *also*.
De cook she's name was Rosie,
She come from Montreal,
Was chambre maid on lumber barge,
On de Grande Lachine Canal.

De night was dark, lak' wan black cat,
De wave run high an' fas',
W'en de Captinne tak' de Rosie girl
An' tie her to de mas'.
Den he *also* tak' de life preserve,
An' jomp off on de lak',
An' say: 'Good-bye, ma Rosie, dear,
I go drown, for yore sak'.'

Nex' mornin' very early
' 'Bout ha'f-pas' two—t'ree—four,
De Captinne, scow, an' de poor Rosie
Was corpses on de shore;
For de win' she blow lak hurricane
Biemby she blow some more,
An' de scow bus' up on Lac St. Pierre
Wan arpent from de shore.

Now, all good wood scow sailor man
Tak' warning by dat storm,
An' go marry some nice French girl
An' leev on wan big farm;
De win' can blow lak hurricane,
An' s'pose she blow some more,
You can't get drown on Lac St. Pierre,
So long you stay on shore."

(THE END)

## A Quiet Game of Bridge

(*Continued from page 8*)

fetch coal oil, which frightened Alice Brown into fits."

"Dangerous," Dad muttered, but I don't know if he meant the coal oil, or Alice Brown's fits!

"When we finally got the cards dealt one of the children woke up and called for a drink of water.

"I thought it was tomato juice," I put in, irreverently, but Mother ignored my flippancy.

"We made a start at last and the bidding was high. Mrs. Seymour was my partner and I knew we were going down, but just as things were getting exciting there was a loud shout from










"It's about time we had another comb in this family—why don't you get one FREE with your Pearl Soap coupons?"

WAITING FOR YOU!

in town is your copy of this week's Toronto Star Weekly — don't forget it.




*Readers of The Canadian Countryman, who have received notice that their renewal subscriptions are due, should see that their renewal orders are sent in by the earliest possible mail.*

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120094

outside. Mrs. Seymour sprang up and we all ran out into the hall.

"It's Mary," she cried. "Oh, dear me—has there been an accident?"

Before we could get there the front door opened and Mary implored us to stay where we were. She was holding her gloves in one hand, and with the other trying to keep Joe, the setter, from getting in.

"Go back, Mother, don't touch me! My gloves are ruined but—oh, poor Joe!" She sank down on the steps, overcome with what we supposed were tears.

"My darling," Mrs. Seymour started towards her, then she drew back, while Mary continued to make queer, gurgling noises. At last we made out what she was trying to tell us. Joe had found a skunk, which he chased down a drain pipe, where he had got stuck. They had had to pull him out, but she thought he must have killed the skunk because . . . words failed her.

"What ever can we do with poor Joe?" she ended.

"Keep him away from the door! He can't come into the house," her mother cried, in tones of despair. Then an idea occurred to me. I had read, somewhere, that tomato juice would remove the odor of skunk from one's clothing . . . ."

"You telephoned Dad! How bright of you, Mother," I interrupted again.

"Well, we washed Mary's gloves and then we put Joe in a tub and poured the juice over him. I left them rinsing him off."

"A tomato juice shampoo! Did it work, Mother?"

She nodded as she sank, exhausted, into a chair.

"A nice quiet game of bridge," Dad teased.

"What a blessing I put down plenty of tomato juice," said Mother.

## Letters of a Countrywoman

(Continued from page 8)

satisfying about going out into the garden and picking your dinner, and seeing how things have grown during the night.

This morning when I was pulling the carrots I found the prettiest worm. The body was black with green and gold trimmings. I had never before seen one like it. I brought it in and put it in one of the glass tumblers picturing "Bashful—the dwarf". Queenie brought it a fresh carrot and we have it under observation, watching it through the reading glass. I wonder if it will develop into a butterfly? When I saw it a few minutes ago it was tucking into the carrot leaf like everything.

It feels hot enough for a thunderstorm to be brewing. I believe there is one whale of a storm close at hand, so I must post this before the storm comes. Hoping to hear from you soon,

As ever,
TORIA.

## The Hearthstone Circle

(Continued from page 9)

The entrance had the most atrocious wallpaper I've ever seen, but a few steps brought us to a vine-covered verandah, and outside a patio, where I saw the first tropical flowers.

The city is hilly and the roads bad, but the government buildings, palace and parks are show places. The natives regret that the U.S. marines are no longer stationed there and that the Americans have left. The line upon which we travelled was going out of existence so Haiti was no longer a port of call. The shops have no fronts but open directly on the street. They sell mahogany tables, silver trinkets, beads, straw baskets, hats, hand bags and belts —also rum. There are also dry goods stores. I would like to have visited their large market for foodstuffs, but there were so many flies and odors, not to mention noises, issuing forth that I just bought a huge carry-all basket in which I packed our soiled and heavy clothes when we left the ship the following day. Several passengers were noted agriculturalists, so between times we found it interesting to talk shop. We left Haiti in the late afternoon and arrived the following morning at Kingston. The little donkey carts rattling along the streets soon caught my eye, and the fact that the natives carry all sorts of things on their heads. There seems a never ending profusion of flowers and the trees are beautiful, bearing flowers, pods, fruits, seeds and beans. Jamaica is also hilly but the hills are not barren, they are ever changing in beauty and when you go up into them you can look out to sea.

The recent strikes have caused quite a disturbance. Labor is paid very little. They receive for a week what we paid for a day up north, yet they buy and prepare their own food. Nevertheless I cannot feel that destruction of life and property is the way to better conditions. The laborers and servants are blacks and varying degrees of yellow. Some are East Indians. This letter has become far too long, so I must leave a description of life here for another time.




*(To be colored with paints or crayons. Whenever you come to a word spelled in CAPITAL letters use that color.)*

"HERE, let's plant this here and that there!" cries BROWN-haired Teddy. "I have a nice deep hole for this one and I will dig you another for your plant anywhere you want it, Susie May!"

"Thank you, Teddy!" says YELLOW-haired Susie May, "I think I will stick mine in here! This side of the PURPLE pansies. Those BLUE pansies are beautiful! Where did you get them?"

"Aunt Frances gave me this bunch and the YELLOW ones are for you!" replies Teddy.

"Don't you think this RED flower I have here is pretty? It has such wonderful big GREEN leaves, too, but do you notice the stalk is a much lighter GREEN? See, it has so many buds on it. We can watch it bloom and bloom!" says Susie May.

"Who painted the pot YELLOW? Did you?" asks Teddy.

"Yes, don't you like it? I thought it looked like sunshine!" Susie May answers.

The pansies all have GREEN leaves and the little plant with the round PINK (use RED lightly) flowers has lighter GREEN leaves. Of course the ground is BROWN and Teddy's trowel is GRAY (use BLACK lightly) with a bright RED handle.

"How do you like my gardening apron?" asks Susie May, "Mother got it at the Church Fair!"

"Oh, it is swell. Those BLUE and PINK flowers look like real ones!" says Teddy. "I wish my dark BLUE overalls had some flowers on them, too!"

"Well, perhaps we could paint some on!" says Susie May.

Susie May's dress is light YELLOW and the apron is piped in bright RED. Susie May's socks are YELLOW and her slippers are BLACK.

Teddy wears a TAN (use BROWN and YELLOW mixed) blouse and his shoes are TAN, too.

Susie May's hair ribbon is bright RED.

The fence is White but you can see BLUE sky between the slats. The grass is GREEN. Both children have PINK cheeks and RED lips. Paint the border of this picture GREEN, a bit darker than the grass, and the lettering RED.

Dear Janet Jean:

Yes! I know I wrote you very recently, but why not again, especially when I come with the offer of a recipe for "Miss Lilac" in particular and the clan in general? I clipped it from a daily paper a year ago, tried it and, finding it excellent, am glad to pass it on. If celery is not liked, the quantity may be made up with all tomatoes, though personally I like the celery.

*Tomato and Celery Soup*

6 cups ripe tomatoes (cut in pieces)
1 cup chopped onion
2 cups chopped celery (stalks and tops)
2 tablespoons flour
2 tablespoons granulated sugar
1 tablespoon salt
1/16 teaspoon cayenne pepper
2 tablespoons butter

Simmer first three ingredients for forty-five minutes. Press through sieve. There should be 4 cups of puree. Combine dry ingredients with enough puree to make a thin paste. Add this to hot puree. Add butter and cook till thickened—5 minutes should do. Pour in sterilized jars and seal. Yield—two pints.

This is only a small amount but recipe may be doubled or, indeed, trebled quite easily. It certainly is good some cold winter night when the mercury is trying to push the bottom out of the glass, in place of doing its best to spill over the top as it is today.

To "Scotch Nell" I would suggest a good fly spray used once a week for several weeks as a start. Spray thoroughly in all cracks. If there are small nail holes in the plaster fill these with putty or plaster of paris and paint when dry. Then paint all paintable surfaces of the bed, shellac with clear shellac all other surfaces, not forgetting the ends of the slats. This will clear up the trouble. It may sound like a big job but takes only a short time in view of results. The fly spray kills all live creatures. The paint coats any ova deposit which clings to rough or broken surfaces and naturally there can be no hatching.

I am taking it for granted that surfaces will be washed between sprayings and before painting. A very small brush may be needed on hard-to-get-at places such as where parts fit together at head and foot.

This information comes out of a long and bitter war, staged in a very old house where plaster was continually breaking, and I can vouch for its effectiveness. New plaster finished the trouble which was chronic before.

Good luck to both.

VEE.

"Your stuff" is always very, very acceptable and we are delighted to hear from you.—J. J.

Dear Janet Jean:

"Scotch Nell" was enquiring how to rid the house of bed bugs. I am happy to give her a remedy which worked wonders in both cases. My sister had a rooming house in the city and tried everything she heard of as well as having the city fumigate for her (which did no good). She finally tried burning sulphur and never was bothered with them after. The other was an old farm house. In both cases they took about five pounds of sulphur, put it into an old pail, set the pail in a pot with some ashes in the bottom and then lit a match to the sulphur after closing every door and window. The fumes will choke everything very soon. Leave for an hour or two. I have tried it each spring to prevent moths.

I offer a suggestion. Would you kindly print the name in larger letters when giving a recipe or household discovery of any kind? It would make it easier to read. Your Hearthstone Circle is a source of helpfulness to me.

HELP ON A BIT.

Thank you so much for your help.—J. J.

Dear Janet Jean:

We have taken the Countryman for some time. Although I have never written to the Hearthstone Circle before, each week I read and enjoy the letters in it.

To-day I noticed where "Miss Lilac" wanted a recipe for Tomato Soup. Here is a good recipe which when used with as much milk as you use with soup tastes very good:

1 peck ripe tomatoes
1 bunch celery
6 medium-sized onions
6 cloves

When the above vegetables are cooked thoroughly, strain well, add ½ cup of melted butter and stir in ½ cup flour which has been mixed with a little water to prevent lumping. Add ¾ cup sugar, 2 tablespoons salt and ¼ teaspoon cayenne pepper. Boil the whole mixture well and can while hot.

Has anyone a recipe for making jam with salts instead of Certo? We always make a lot of jam at our place and I would greatly appreciate a recipe of this kind.

I am not much good at writing long letters so will leave space for the more-gifted writers.

MARIGOLD.

Your help is much appreciated and we hope you'll come again.—J. J.

Dear Janet Jean:

I have often wanted to write to the H.C. and tell you how much I enjoy all the letters. Also I like Toria's letters. She has so many little everyday things happen to her like us all. Cherry's letters are always so full of useful hints we farmers' wives who can't visit the city stores often appreciate. We live on a farm and are one of the fortunate ones as we have Hydro power and also water in both our house and barn. We find they make our work much easier, and I think I would be lost without them. My electric washer is indeed a great labor-saver and our bathroom is only small, but I can't tell you how convenient.

I believe I have the recipe for the floor paint "R. M." wished. I have used it and found it very good. I put a coat of floor paint over it. Allow four ounces of glue to one gallon of soft water, put water on stove in a large kettle, add the glue, stir well, and when it boils add gradually four or five pounds yellow ochre. Keep the mixture at the boiling point for a few minutes, then apply to the floor with a white-wash brush while hot. As it cools, return to the stove till warm. A little warm water may be added to the mixture as you work, so it will flow readily from the brush. It also dries quickly. I hope this is what "R. M." wanted.

I have often thought I could help "Jersey Lily" with her hooked rugs. At least I could send her full directions, as there are a number of little details that are important when making them. I have made several rugs, and enjoy the work very much. I would be very glad to send her directions, either by letter to her, or a letter to the H.C. My address will be with Janet Jean. I made a rather pretty rug this past Winter, with a black Scottie dog with a red bow on his neck, and a blue background. I make it for my daughter's room and luckily her room is mostly blue.

As I am a newcomer I must not stay, but I sincerely hope I have helped a bit and that I may come again.

Wishing the Circle every success and thanking you all,

JOHN'S PAL.

Thank you and you may indeed come again.—J. J.

Dear Janet Jean:

Having just received our June 18 Canadian Countryman, and on reading the Home Page, I see that "Miss Lilac" sends in or asks for a recipe for Canned Tomato Soup. I hasten to send in mine which we all like very much. I, however, use a lot more of real creamy milk than of the canned Tomato Soup, but this I think depends on each one's personal taste. I always add a very little soda to my Tomato Soup before mixing with the milk to keep milk from curdling. I like to heat butter to a slightly brown stage, add some flour to this, then pour in my cold canned Tomato Soup and a little cold water. Let this come to a boil, then put in a little soda, when it is ready to mix with the milk which has been heated in another saucepan. Thicken with rolled crackers or biscuits before serving.

*Tomato Soup*

1 peck tomatoes
2 bunches celery
6 medium-sized onions
¼ cup sugar
½ cup flour
Speck of cayenne pepper

Wash tomatoes, celery and peel onions and cut all into pieces. Boil all together gently for half an hour, then rub through a sieve. Add salt, sugar and pepper and put on stove to heat. Mix flour with cold water until quite smooth. Stir into the hot tomatoes, and cook, stirring constantly until it boils a few minutes. Put in jars boiling hot, filling jars brimming full, and seal at once.

Have had this recipe now and used for four or five years and like it very much. Have not been able to buy any that I like as well as this. Have had no trouble in its keeping nice for the year.

I am a seventy-year-old grandmother in the country, and have very poor eyesight, as my eyes seem to be failing very fast. Have had them looked after by a specialist, as well as good opticians, but get very little comfort from them. Am writing this now, but if my eyesight keeps on failing as fast as it has done the last year, I fear I cannot see to write at all in another year.

From one of H.C. appreciative readers.

ANGELICA.

So very sorry to hear about your eyes and hope they will stand by you for years yet. Thanks so much for your help.—J. J.



120094

Dear Janet Jean:

I have been a reader of "The Hearthstone Circle" for several years and have received much assistance from it. I am always interested in hearing about your boys, especially the baby, as he is nearer the age of my own little ones.

Just a few hints which may be of help to someone:

If you have trouble with streaks in your butter, try working in the salt, then leaving the butter to stand from ten minutes to half an hour, then working well again.

I find my bread is lighter if left to rise in the pans longer than the one hour allowed in some recipes. I put my whole baking (three ovenfuls) in the pans at the same time and usually leave in a warm place about two hours before putting any of it in the oven. If enough flour has been mixed in, it will not run over.

I would be grateful if someone would tell me an effective method of removing rust from tinware. I am also anxious to know what sort of adhesive I could buy to use for the seams in making over a rubberized raincoat to fit a little girl. The seams have not been sewn, but have been stuck with some sort of adhesive substance.

Although "Minerva" lives in a community where the farmers' wives are unselfish and where a hired man's wife is often given the seat of honor, it does not always follow that conditions are the same everywhere. There are smug, self-centured communities, too, just as "Twig" describes. Possibly "Twig", instead of being unfriendly, as "Minerva" suggests, is too accomplished for her neighbors, and they are afraid she may outshine them and their daughters at social gatherings. "Twig" may be thankful that she is not permanently settled in that particular neighborhood.

I would advise her to find some hobby to take up her spare time and let the neighbors go their way. When she has children she need never lack for a hobby. Since you play the piano, "Twig", teach the children (if they are old enough) to play. It may require patience, but when they are older they will thank you, for a good musician is popular at almost any social gathering. Take an interest in their hobbies. Take them for walks through the woods when spring comes. Let them watch for the first buds, the first birds, etc. They will see plenty of interesting things, and if you can answer one-twentieth of their questions, you can give yourself a high score as a naturalist. Let them help you plant the garden (what if they do tramp or uproot a few flowers or vegetables?), and watch the growing things. Nearness to Nature brings us nearer the Creator, and love of Nature and of producing something with the work of their own hands will give your children hobbies to turn to for relaxation in whatever walks of life they find themselves. One has only to teach Agriculture and Nature Study to country children to realize that some children (and grown-ups too) go through woods and fields day after day without observing much of their surroundings. Read good poetry to your children. Time spent with them will pay you greater dividends than any number of bridge parties or teas.

And, "Twig", do not start your children in life with inferiority complexes. Never let them hear you complain of slights to them or yourself. Make such a good time for them amongst themselves that the neighbors' children may well be envious and will find excuses to join in their work or play. What I have said is only meant to be suggestive since I do not know much about the circumstances, but certainly a child's popularity at school does not depend upon the wealth of his (or her) parents.

JUNE MARIE.

I thank you for your very nice letter.
—J. J.

---

Nearly two hundred and thirty-nine million dozens of eggs (238,913,108 dozens) were consumed in Canada in 1937, an increase of 643,576 dozens on 1936. The estimated value of farm eggs for 1937 is placed at $38,489,000.

Every 10c Packet of WILSON'S FLY PADS
WILL KILL MORE FLIES THAN SEVERAL DOLLARS WORTH OF ANY OTHER FLY KILLER
10c WHY PAY MORE
Best of all fly killers. Clean, quick, sure, cheap. Ask your Druggist, Grocer or General Store.
THE WILSON FLY PAD CO., HAMILTON, ONT.


BARGAINS!
A limited number of Gilson "Snow Bird" Demonstrator Washers. Latest Models. Refinished. Good as new. Full factory guarantee. Either Electric or Gasoline Engine. A wonderful opportunity. Less than cost. Easy terms if desired. Act quickly. Write today.
Gilson Mfg. Co., Ltd.
91 York St., Guelph

WAKE UP YOUR LIVER BILE—
And You'll Jump Out of Bed in the Morning Rarin' to Go
The liver should pour out two pounds of liquid bile into your bowels daily. If this bile is not flowing freely, your food doesn't digest. It just decays in the bowels. Gas bloats up your stomach. You get constipated. Harmful poisons go into the body, and you feel sour, sunk and the world looks punk.
A mere bowel movement doesn't always get at the cause. You need something that works on the liver as well. It takes those good, old Carter's Little Liver Pills to get these two pounds of bile flowing freely and make you feel "up and up". Harmless and gentle, they make the bile flow freely. They do the work of calomel but have no calomel or mercury in them. Ask for Carter's Little Liver Pills by name! Stubbornly refuse anything else. 25c.

**COUNTRYMAN CIRCULATION REPRESENTATIVES**

***CARRY THIS LETTER OF AUTHORITY***

Circulation representatives of Canadian Countryman carry a letter of authority, copy of which is reproduced below. This letter sets down clearly the rules under which they are required to work. They will always be glad to show this letter for your inspection.

To Whom It May Concern:—

This is to certify that (name of agent), the bearer, is an accredited representative of The Canadian Countryman Publishing Co., Ltd., and is given authority to collect and receipt for subscriptions to The Canadian Countryman at $1 per year, $1.50 for two years, or $2 for three years.

The acceptance of this credential by (name of agent) carries with it his guarantee that the following rules will be strictly observed:

1. Full subscription price will be collected in every case.
2. No premium of any kind will be given.
3. No other publication will be offered in combination with Canadian Countryman.
4. Subscriptions will be accepted only from actual farmers. This credential will be void after (date).

Yours very truly,
The Canadian Countryman Publishing Co. Ltd.
T. J. TOBIN,
Manager.

P.S. — An agent of Canadian Countryman who cuts our subscription prices, or otherwise violates the above rules in any particular, will be discharged immediately.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

# Review of the Market Situation

## Hogs Highest in Eight Years at Winnipeg
## Cattle Fail to Clear Despite Buffalo Strength

OTTAWA—The cattle market generally staged a reasonably satisfactory performance throughout last week. Some price reductions occurred, with cows, as a rule, affected the most. Some strength was lent to the market at Toronto by reports of good prices received for Canadian cattle at Buffalo, where a sharp advance in cattle prices developed. The movement to the south was a little heavier, shipments being attracted by improved markets. On the other hand, with lower prices prevailing on recent sales of Canadian cattle in Great Britain, buying on Overseas account was curtailed.

Prices at Buffalo were up 25c to 50c on grass cattle and as much as 50c to 75c on fed steers. Two loads of good fleshy Canadian steers, averaging around 1,150 lbs., brought $10.25, another load around 980 lbs. $10, while other Canadian steers sold from $9.85 downward. Canadian calves sold up to a high of $10. The most recent quotation on good heavy Canadian steers at St. Paul was $11, but later advices from that point reported an easier trend with no sales of Canadians.

Exports to the United States for the week amounteed to 785 beef cattle, 311 dairy, 1,176 calves, and 51 hogs, making the totals to date this year 24,064 beef cattle, 5,288 dairy, 29,194 calves, and 95 hogs. Exports in the same period last year consisted of 98,652 beef cattle, 6,509 dairy, 62,-709 calves, and 46,502 hogs.

Two steamers unloaded Canadian cattle at Birkenhead during the week. The S.S. Manchester Brigade and Manchester Division cattle ranged generally from 15½c to 16c per pound dressed weight, including offal, with some good lightweights likely to make one-half cent more. The general demand for fat cattle was variable during the week, while store cattle were easier. Prices for best dairy cows are holding up but other qualities were weaker. Cattle from the S.S. Delilian were sold at Glasgow on the 14th to a fair attendance of buyers, with steers making 8½c per pound alive, and bulls 6½c. The steer price is about ¼c below the average for the last previous shipment.

The S.S. Norwegian sailed from Montreal for Cardiff on July 9th with 168 cattle and the Manchester Commerce from Montreal for Birkenhead on the 14th with 375. Total exports Overseas to date amounted to 22,788 head this year, compared with 4,017 in the same period last year.

### Cattle Alleys Not Cleared

ON a moderate run that included only 400 Westerns, trade in cattle was dull throughout last week, with some 600 cattle unsold at the close. Prices on inferior grades of steers and heifers were down 15c to 25c cwt. and on butcher cows 25c to 50c, while fed calves gained 25c and bulls were firm on export buying. Some good to choice weighty steers were taken for the U.S. at $7.50 to $7.80 cwt., and overseas exporters paid $6.50 to $7.25 for 250 steers. Good butcher steers and heifers made $6.50 to $6.75 and a few tops $7, while common grades were peddled at $4.50 to $5.50. Butcher cows closed at $3 to $4, with canners mostly $2.50. Good butcher bulls sold at $4.35 to $4.75 and one top $5. Western stockers were plain and sold slowly at $4.25 to $5.25, with a few better kinds at feeders $5.50. Milkers and springers slow with tested tops $60 each.

Montreal cattle prices dipped 25c or more lower, under a slow trade. Steers ranged from $4 to $7.60 cwt., with good ones sometimes as low as $6.50 and mediums down to $5. Heifers made $4 to $6, odd tops $6.50, some common $3.50, good butcher cows $5, mediums up to $4.50 and common as low as $3.

The Winnipeg cattle supply was more liberal and quality fairly plain. Even so, the trade staged a good performance, though slowing up somewhat in late sessions, with cows closing about 25c lower, and other classes well in line with the previous week. A small number of heavy steers made $7 to $7.50 cwt., dry-fed handyweights up to $7.50, suitable grass steers from $6 to $6.75, and plainer kinds $4 to $5.50. An active demand centered on fed yearlings with a few tops at $8.50 and the balance from $7 to $8. Good cows closed from $4 to $4.25, plainer grass kinds from $3 to $3.75, canners and cutters $2 to $2.50. Replacement cattle were all taken care of, with fleshy feeders around $5, good stockers $4 to $4.50, and plain lights $3.50 down.

### Cattle Soared Then Broke

CHICAGO—The fat cattle market soared to new heights on the crop early last week and then broke sharply so far as common, medium and good grades were concerned. Strictly good and choice kinds meanwhile showing a downturn. Only strictly choice and prime cattle held on, these finishing steady, although 25-50c higher than the close a week earlier. Top went to $12.80, with the next highest price $12.75; with long yearlings up to $12.35, light steers $12.65, and light yearling steers $12.00.

The line of price cleavage was around $12.00 or $12.25. Kinds of value to sell above these prices held steady, after reaching a new peak for the year. But the bottom dropped out of the market on all others and the lower the grade the more the downturn. Greasy and shortfed kinds, some of them grading up to good and better, fell off badly, breaking 50c-$1.00. It was the grass cattle that in many instances showed a dollar loss from Monday to Thursday.

### Calves Advanced at Toronto

CALVES advanced 25c to 50c cwt., at Toronto, last week. Choice veals made $8 to $8.50 cwt., others mostly $6 to $8, and a few common as low as $4.

Montreal calf market had an easier undertone. Grassers made $4 to $4.50 cwt., common drinkers and light veals $4.50 to $5.50, and other veals up to $7.25 and $7.50.

Winnipeg calves active and firmer, best veals $6 to $6.50, others $3 to $5.50 cwt.

### New High for Hogs

HOG prices advanced on most markets last week, a new eight-year high being established at Winnipeg. The Canadian hog run totalled 40,154 head, compared with 61,472 in the same week last year. Totals to date, this year, 1,749,313; last year, 2,189,715.

Toronto hog prices gained 40c cwt., bacons closing at $12.25 off trucks. Light feeding pigs brought $4 to $5.50 each, and 70 to 80-pound feeders $9 to $10 each.

Most Ontario plants closed higher. Hamilton paid $12 to $12.25 for bacons alive off cars, and $16 to $16.35 dressed. Brantford, $11.65 alive. Stratford, $15.65 dressed. Barrie, $11.60 alive, $15.60 dressed. Guelph, $11.25 alive, $15.35 dressed. Kitchener, $11.50 alive, $15.65 dressed. Peterboro, $11.50 alive, $15.40 dressed. Hull, $11.50 alive, $15.70 dressed, and Moncton $11.15 alive, $15.20 dressed.

Montreal sold bacons at $12 to $12.25, fed and watered, but mostly $12. Trucked bacons brought $12.25. Rail-graded hogs were $16.25 to $16.50.

Winnipeg hogs established a new eight-year high, bacons selling up to $12, f. & w. Feeders in strong demand at $12 to $12.50.

### Lambs Lost Dollar

THE previous week's price of $12 cwt. at Toronto, attracted a liberal supply of lambs, last week. These included many roughs. The market opened firm at $12 cwt. for good ewes and wethers, but receded to $11 by the close, with bucks at a discount of $2 per cwt. Sheep steady at $2 to $4. Good yearlings $6 to $7.

Montreal sold good lambs at $10 to $10.50 cwt. and closed at a top of $10. Several lots sold ungraded at $10. Sheep, $2 to $3.50, with tops $4.

Winnipeg lambs stronger, tops $10, other good kinds $9.50 to $9.75.

### Hides and Wool

THE price of wool advanced another cent per lb. last week, dealers reporting a better demand. A despatch from England reported demand as good at the London wool auction. Especially was this true of the better sorts. French and German buyers competed freely. Hides remained unchanged.

Prices delivered Toronto:

Green country hides, 4½c lb.; cured, 5c. Green country calf skins, 6c. Green country kip skins, 6c. Lamb skins, 25-40c each; No. 1 and 2 horse hides, $2.00 each; No. 3, $1.00. Horse hair, 32c lb. Wool, flat, 10½c. Tallow, No. 1, 3c lb.

### Bacon Higher Overseas

Priced in shillings per 112 lbs.

| | Week ended July 14 | Previous week | Same wk '1937 |
|---|---|---|---|
| Can. bacon | 102-104s. | 98-100s. | 86-90s. |
| Danish | 103-106s. | 99-102s. | 93-96s. |
| English | 103-106s. | 98-102s. | 91-96s. |
| Irish | 102-108s. | 98-104s. | 90-99s. |
| Swedish | 102-105s. | 96-101s. | 91-95s. |
| Dutch | 103-105s. | 99-101s. | 92-95s. |
| Baltic | 102-104s. | 98-100s. | 86-90s. |
| Can. hams | 101-105s. | 101-104s. | 100-103s. |

### The Wheat Situation

WHEAT markets were still under pressure last week. Up to Friday's closing, Winnipeg futures netted losses extending to 1¾c per bushel. Ontario wintter wheat was quoted as much as 5c lower. The bearish trend was due, in some measure, to lower Liverpool quotations, which were attributed partly to cheap offerings from Russia and Danubian countries.

### Feed Trends

MIDDLINGS dropped a dollar per ton last week, while bran and shorts held unchanged. One mill quoted linseed meal a dollar per ton lower, but cottonseed meal advanced $2 a ton, because of higher asking prices at Southern United States mills. Corn also gained a dollar per ton, owing to renewed strength across the line, where exports and Government corn loans proved stimulating.

The United States feed market advanced during the week ended July 12, influenced by increased inquiry for lighter offerings. Strengthening factors also included the persistently high temperatures through the interior valleys and in the Middle Atlantic areas, together with advances in corn prices. Wheat millfeeds gained about $1.00 per ton, while high-protein feeds strengthened, with advances of 50c to $1.50 per ton for cottonseed and soybean meals.

The U.S. index of wholesale feedstuff prices advanced to 100.8 (1935-36 = 100), compared with 98.6 the previous week and 100.9 two weeks earlier.

### Potatoes, Beans, Hay

NO. 1 graded potatoes from Southwestern Ontario were selling at 95c to $1 per bag, delivered Toronto, last Saturday morning. The dollar was for stock in new, branded bags.

No. 2's were quoted at 60 to 65c and ungraded at 75c.

One dealer reported few potatoes coming from the Hamilton district, figuring they must be finding an outlet in Hamilton and other centres.

The total commercial early crop of potatoes in the United States, which includes production in the early, second early, and intermediate states, is indicated to be 47,799,000 bushels. This is 5 per cent smaller than the 50,441,000 bushels harvested in 1937, but 20 per cent larger than the 1927-36 average of 39,974,000 bushels.

Beans were holding about steady, with hand-picked whites $1.40 per bushel, f.o.b. shipping point; choice-primes $1.30 and yellow-eyes $2.25. Not only are beans being exported overseas, but the trade is not anticipating as big a 1938 crop.

Hay remained seasonably quiet. No. 2 timothy was nominally quoted at $10 to $11 ton, delivered Toronto; No. 3, $8 to $9; oat straw, $6; wheat straw, $7.

### Dairy and Poultry Produce

BUTTER firmed fractionally last week. There was a flurry of buying, partly due to speculators and partly from distributors who needed supplies. Demand quieted off by Saturday, however, with No. 1 Ontario creamery solids, 25c lb. Toronto.

At Montreal, 92-score fresh Quebec butter was quoted at 25½-25½c on Friday.

No. 1 cream was 25c lb. butter-fat on truck.

Stocks of butter in storage across Canada on July 1, 1938, totalled 32,750,555 lbs., or 23.4% above July 1, 1937.

Large cheese ranged from 14½ to 14½c lb. in Toronto, last Saturday morning.

J. E. Singleton, Dominion Dairy Commissioner, has just returned from England, and he reports that the demand for mature Canadian Cheddar cheese is on the increase in Great Britain.

The practice of aging cheese in Montreal instead of in the United Kingdom is also growing, Mr. Singleton found. Specialists who have spent years studying the best methods of maturing cheese explained that the average humidity in the air in Montreal was 5 per cent less than in the United Kingdom and for that reason better results were obtained by leaving the product in Montreal for a year or more.

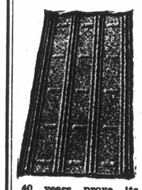
Cheese made in the Brockville and Belleville districts in June and September, 1937, was commanding the top prices in the United Kingdom. Some of it was over two years old, but the bulk of what was described as old Canadian Cheddar was from twelve to eighteen months old.

Storage stocks of cheese in Canada, on July 1, 1938, totalled 30,976,099 lbs., or 1.3 million lbs. over last year.

## New U.S. Import Regulations on Cattle

OTTAWA—A new order of the United States Department of Agriculture, which became effective July 1, stipulates that all Canadian cattle entering that country other than those for immediate slaughter must now be accompanied by a qualified veterinarian's certificate, showing that they have been tested within thirty days from the date of shipment and found to be free from bovine tuberculosis and other contagious disease. The order is not applicable, however, to cattle being exported directly from an accredited area. The order states that its effect is to render steers and spayed heifers from Canada, except those for immediate slaughter, subject to the same T.B. test and certification requirements as other classes of cattle from Canada. Attention is drawn to the reduction from 60 to 30 days of the period in which cattle must have been tested.


**DILLON'S**
**STANDARD RIBBED ROOFING**



Made exclusively from the very best British Steel, the finest obtainable in the world.

**Sold with a 25 year Guarantee.**

Satisfied customers for over 40 years prove its dependability.

*Send measurements for free estimates and price lists.*

W. E. DILLON CO. Limited
189-191 GEORGE STREET
TORONTO, ONT.
*Established 1890*



**GRANUMIX**
**THE IDEAL FERTILIZER IN GRANULE FORM**
**In GRANUMIX farmers will find a modern and much improved product.**

No dust—no odour—no filler—GRANUMIX is completely soluble in soil water. Every granule has the same analysis, assuring even distribution of plant food. GRANUMIX is neutral—does not cake nor rot the bags. GRANUMIX passes through the ordinary grain drill either alone or mixed with grain. Special mixtures for Fall wheat seeding.

*Exclusive agencies in some districts still available.*

**THE STANDARD FERTILIZER COMPANY**
113 MELROSE AVE. - - - - - TORONTO, ONT.




With egg production at relatively low levels, market offerings are short and se prices advanced 1 to 2 cents on A grades in ungraded lots and 1½ to 4c on graded shipments, at Toronto.

In Montreal, A-large gained 3c per dozen last week.

Stocks of poultry in storage on July 1 amounted to 3,507,559 lbs., a decrease of 2.4 million from July 1, 1937.

### Cheese Board Prices

AT Alexandria last Saturday, 2,941 boxes white sold at 14 1-8c, balance at 14 1-16c, and 118 boxes colored at 14 3-8c. Belleville, 2,569 white, 38 colored offered, 300 sold at 14 1-8c, balance at 14 1-16c. Campbellford, 482 white, 544 colored 14 1-8c. Casselman, 1,447 white 14 1-8c. Cornwall, 775 white 14 1-8c, 1,234 colored 14 3-16c. Delta, 1,832 white 14 1-8c, 188 colored 14 5-16c. Finch, 783 white 14 1-8c, 217 colored 14 1-4c, 377 colored flats 14 1-2c. Iroquois, 848 white 14 1-8c, 708 colored 14 5-8c. Kingston, 756 white 14c to 14 1-16c, 1,023 colored 14 1-4c. Lansdowne, 203 white 14 3-16c, 517 colored 15 7-16c. London, large 14c, triplets 14 1-4c. Madoc, 888 white 14 1-16c. Napanee, 1,700 white 14 1-4c, 240 colored 14 1-4c. Ottawa, 1,565 white 14 1-8c, 121 colored 14 3-8c. Perth, 710 white 14 1-8c. Vankleek Hill, 3,990 white 14 1-8c to 14 3-16c, 633 colored 14 3-8c.

### Ontario Grains, Wholesale

ON Monday Ontario grains were quoted at the following prices, f.o.b. shipping point: Wheat, old crop, 65-67c; new-crop wheat, 60c; rye, 45-47c; oats, 33-40c; malting barley, subject to approval of sample, 53-55c; feed barley, 44-51c; corn, natural, 75-79c; buckwheat, 50-60c.

### Cash Grain

FOLLOWING are last Friday's closing quotations for carlots of Western cash grain, on the basis of c.i.f. bay ports:

Manitoba wheat—No. 1 Northern, $1.06; No. 2 Northern, $1.03; No. 3 Northern, 99c; No. 4 Northern, 93c.

Western oats—No. 2 C.W., 48½c; No. 3 C.W., 47¼c; No. 1 feed, 46½c.

Manitoba barley—No. 3 extra 6-row, 54½c. No. 1 feed screenings, $10.50 per ton.

American corn—No. 2 yellow, 89c.

Grain Futures, Winnipeg, July 15:

Wheat—July, 98c; Oct., 77½c; Nov., 76¾c; Dec., 75½c.

Oats—July, 43¾c; Oct., 34¾c; Dec., 32c.

Barley—July, 48¾c; Oct., 46¾c; Dec., 45c.

Flax—Oct., $1.46¾. Rye—Oct., 46½c.

### Flour, Concentrates and Grain

MANITOBA first patent bread flour, in cotton sacks and in mixed cars, delivered, $6.40 per barrel; second patent bread flour, same basis, $5.90; Ontario pastry flour, same basis, $4.10; bran, in mixed cars, delivered, $24.00 ton; shorts, $25.00 ton; white middlings, same basis, $30.00. Ton lots at mill or warehouse door: Bran, $23.00; shorts, $24.00; middlings, $29.00.

Gluten feed, 25% protein, $27.00 ton in less carlots, f.o.b. Port Credit, or in ton lots at Toronto warehouse.

Oil cake, 33% protein, $41.00 ton, f.o.b. mill, Toronto, in carlots; $43.00 in ton lots. Oil cake, 36-40% P., from Canadian flax, $41.00 ton in carlots, f.o.b. Baden; less carlots, $1.00 ton more.

Cottonseed meal, 41% protein, $34.50 ton, in carlots, delivered Toronto, and $37.50 ton in less carlots.

Ontario-grown soybean oilcake meal, high protein, $33.00 ton in carlots, f.o.b. Baden; $1.00 ton more in ton lots.

Whole yellow corn, 14% moisture, in 100-lb. bags, $36.00 ton, at elevator. Ground corn, $37.00 ton, and cracked corn, $38.00.

### Miscellaneous Feeds

SALT, carlots, f.o.b. factory -- No. 1 fine, $4.83 per ton, bulk; No. 1 fine, barrels, $1.09; No. 1 fine, 100-lb. sacks, 29c; No. 1 coarse, $7.27 per ton, bulk; No. 1 coarse, 100-lb. bags, 38c; block, 50 lbs., plain, white, 14c each; block, iodized, 18c each; dairy salt, 50-lb. sacks, 23c each; table salt, 280-lb. (net) barrels, 20 x 14, $2.01 bbl. (All salt prices net f.o.b. factory).

Following prices f.o.b. warehouse, Toronto: 100-lb. bags of coarse or fine salt, 57c cwt.

Sulphur, $2.65 cwt., or 4c lb. Epsom salts, $3.00 cwt., or 4c lb. Glauber salts, $2.75 cwt., or 4c lb. Hydrated lime, $16 ton, 45c per 50 lbs. Ground limestone, 80-lb. paper bags, $6.25 ton, 30c per 80 lbs.

Molasses, one barrel (45 to 50 gals.), 19c gal.; half barrel of 25 gals., 22c gal.; 5-gal. cans, $1.60. Tins returnable.

Digester tankage, 60% protein, $52 ton or $2.70 cwt. Digester tankage, 50% protein, $46 ton or $2.40 cwt. Meat meal, 50%, $43 ton or $2.35 cwt. Meat scraps, 60%, $52 ton or $2.70 cwt. 41% hog concentrate, $50 ton or $2.60 cwt.; 25% hog concentrate, $44 ton or $2.30 cwt.; pig starter, $44 ton, $2.30 cwt.; pig grower, $39 ton, $1.95 cwt. White fish meal, 70% protein, $72 ton or $3.70 cwt.

Special bone meal for cattle or poultry, $53 ton or $2.75 cwt. Bone char., 100-lb. bags, $36 ton or $2 cwt.

Poultry grit, $12 ton or 75c cwt. Oyster shell, hen or chick, $16 ton or 90c cwt. Oyster shell substitute, $10-$11 ton or 60-75c cwt.

### Wool Prospects

WASHINGTON — Although little change in domestic wool prices is expected in the immediate future, some strengthening in prices may occur before the end of the year, the Bureau of Agricultural Economics reports. Stocks of finished and semi-finished goods probably have been sharply reduced in recent months, and some recovery in mill consumption of wool from present low levels appears likely for the late summer and fall. Prices in foreign markets may continue steady in view of prospects for some decrease in production in the Southern Hemisphere.

### Fresh Eggs—Delivered

Prices per dozen, week ending July 16

| | Toronto Gr. | Toronto Ungr. | Montreal Gr. | Montreal Ungr. |
|---|---|---|---|---|
| A—large | .30 | .27 | .31 -.31½ | ..... |
| A—med. | .29 | .26 | .29½-.30 | ..... |
| B— | .23 | .22 | .25 | ..... |
| C— | .22 | .20 | .22½ | ..... |

### Toronto Poultry Prices

For week ending July 23

| | Alive Sel. A | Dressed Sel. A | M.F. A |
|---|---|---|---|
| Spring Chickens— | | | |
| 5 lbs. up | .20 | .25* | ... |
| 4-5 lbs. | .17 | .22-.24 | ... |
| 2-4 lbs. | .15 | .20-.21 | ... |
| Broilers— | | | |
| 1½-2 lbs. | .14 | .18 | ... |
| 1-1½ lbs. | ... | .15 | ... |
| Hens, any breed except Leghorns— | | | |
| 5 lbs. up | .15½ | .18* | ... |
| 4-5 lbs. | .14½ | .17 | ... |
| Leghorns, any weight | .13 | .16 | ... |
| Old Roosters | .10 | .12* | ... |
| Young Ducks, white, over 5 lbs. | .17 | .24 | ... |
| Ducks, yearlings | .10 | ... | ... |
| Turkeys, yearlings— | | | |
| Hens | .15 | .18 | ... |
| Toms | .13 | .16 | ... |
| Old | .10 | .13 | ... |

*One wholesaler quotes B grade 2c lb. under selected A; C, 3c under B.

### The Army Worm Outbreak

DURING the last week there has been a widespread outbreak of the army worm in most counties of the Province, but more severe in some than in others. This insect is like an ordinary cutworm. The color is green to brown or nearly black, with longitudinal stripes along the back and sides. When full-grown it is nearly two inches long. Most of the damage has been done to grasses, barley, oats and corn. Alfalfa, sweet clover, red clover, peas, beans, potatoes, tomatoes and most other crops have not been attacked. When barley or oats are attacked the damage is caused by the leaves and heads being eaten off.

The worms usually come from grass, their favorite breeding place. From this they often move in large numbers to nearby corn or grain. In many cases, however, they actually have bred in the grain itself, the eggs being laid on the leaves. Hence grain may be attacked without any invasion from the surroundings. Every farmer should at once walk through his barley, oats and corn in the evening to see if it is being injured by this pest, and should do this daily until all danger is past.

*Control*

Poison bait in most cases is very effective, but sometimes must be supplemented by a trench or furrow.

*Formula for the Poison Bait*

| | |
|---|---|
| Bran | 25 lbs. |
| Paris Green | 1 lb. |
| Cheap molasses | ½ gal. |
| Water enough to moisten the bait without making it sloppy | about 2½ gals. |

Mix the bran and Paris Green dry, thoroughly, until the green can be seen everywhere through the bran. This can be done most easily on a concrete or tight board floor by shovelling it over just as in mixing concrete. Do not mix with the hands and do not inhale the Paris Green dust. Next level the surface of the pile, add the water and molasses thoroughly mixed and shovel again until the mixture is well moistened, but will fall through the fingers like damp sawdust. This poison bait should be applied after 6 p.m. and should be scattered by hand. In corn broadcast it over the ground just as one would broadcast grain. The above amount should be sufficient to cover 1½ acres, but only 1 acre in a very heavy infestation. Barley and oats may be treated in the same way, but if the grain is very thick or fallen the bait must be thrown forcibly into the crop to reach the ground, and in such cases even 30 lbs. per acre, or more, may be needed. The lodged parts will usually require most bait. Do not treat any grain field unless noticeable damage is really being done.

To prevent the worms moving from an infested field to an uninfested, scattering the bait for a few yards ahead of them may be sufficient, but if they are very numerous this will have to be supplemented by making a trench or deep furrow. In sandy land this can usually be done with a plough, leaving the straight side of the clean-cut furrow towards the crop to be protected. Two furrows about a yard apart are better than a single one. In clay land the furrow must be deepened to a trench 12 inches or more in depth, with the straight wall towards the threatened crop cut clean or better even cut under. In both cases poisoned bait should be thrown into the furrow or trench. Post holes at intervals may have to be dug in either the furrow or trench.

### Municipalization of Milk Distribution

By R. K. Jones

THE Milwaukee Co-operative Milk Producers' field representative, C. W. Fletcher, has an article in Hoard's Dairyman, a ranking dairy journal across the border, in which he points out the dangers to farmers in the proposed Wisconsin legislation for milk municipalization. By this measure a municipality would be allowed to take over the distribution of all fluid milk within its corporate limits, to manufacture dairy products and to regulate the price to the consumers of the fluid product. Bills similar to the present one were defeated in Wisconsin in 1935 and again last year. Although there is no like measure being proposed here, farmers would be well advised to keep themselves informed of the points at issue.

Mr. Fletcher warns all concerned in the production of milk that if the cities and towns did their own distributing there would be intense political control of the milk business. "... It is a certainty," he contents, "that under the law of human nature and the universal ignorance of consumers in regard to milk distributing costs, the immediate demand would be for cheaper milk. ... Where would the farmers be in a battle of that kind? Would the politicians be interested in a higher income for him? Or would they say, 'low-priced milk for the consumer with, we hope, good returns to the producers; but no matter what his return, low prices to our voters, for they are the ones we live on'.

"Let us look at another very important phase of this question, the building up of increased consumer usage of diary products.

"Under the competitive system this is being hammered away at constantly because increased usage means higher volume and lower costs to distributor and producers. Salesmen are trained by experts on methods of getting the housewife to increase her purchases. The radio, newspapers, billboards, and leaflets are used to increase consumption. Children are approached in both home and school by clever, high-class methods to get them to demand of their parents more dairy products.

"Results are obtained not only to the benefit of the dairy industry but to the benefit of the community as a whole through increased health and greater efficiency of the general populace. These things are attained by competitive methods with other foods and must be thought of in that light.

"What might this situation be under municipal control?" If we eliminate all co-operative or private industry from the competitive food field in the milk distributing industry and give municipalities complete control of that phase of the business, it is only reasonable to believe that those who would be placed in charge would be responsible primarily to a political party, or to the municipality—not in any way to the producer.

"Their biggest problem would be to see how cheap the consumer could buy milk; not how much, not how good this milk would be. Price only would be the main consideration. They would not dare to increase sales, for they would be competing with other food dealers. They would remember these food dealers were voters who might see to it that their positions were not secure after the next election. As long as their positions were subject to the whims of a political situation, no long time program could be inaugurated.

"The milk wagon driver, undoubtedly under civil service, would have a certain area in which to deliver milk. His salary would be assured, so he would have no greater incentive to increase sales than a mailman would have to get people to write more letters. If the people wanted milk he would deliver what they wanted, with no attempt to increase his own burden. Under that system any practical milkman will agree that per capita consumption, over a period of time, must decrease in the face of active sales effort from competing food.

"The municipality, because of the uncertainties of sales and supply, would be forced to enter the manufacturing field of dairy products. This branch of the industry, because of its character, would undoubtedly be a white elephant on their hands. They would not be interested in maintaining prices or increasing sales, but simply in getting rid of the product.

"It is reasonable to believe they would buy as little milk for manufacturing as possible, with the result that producers who regularly supply the market, might, during flush production periods, find themselves without a continuous outlet for their entire production. What effect might this have on the co-operative or privately owned butter, cheese, or condensing plants? These plants have their taxes, their stockholders' interests, and their responsibilities for maintaining fair markets for never ending supplies."

The Co-operative Milk Producers' representative concludes his article by summing up that "Shrewd, selfish politicians can see in this one of the greatest chances for self-aggrandizement of any situation of modern times. Socialistic-minded people, and we have plenty of them, can see an opportunity to try out another deliciously vague theory—political control of the most important food supply of the masses.

"I have merely attempted to give some of the highlights of this controversial subject. I am firmly convinced that this is another attempt to place the noose of regimentation more tightly around producers' necks. Bargaining rights for producers are inherent and sacred. They should be protected at all costs."

---

W. T. Hunter, for six years Jersey Fieldman for the Canadian Jersey Cattle Club, has resigned, and is now distributing Jersey milk. ... Mr. Hunter was formerly manager of the Experimental Farm at Summerland, B.C., and it was while he was in the Okanagan Valley that Calgarth Starlight was purchased. Starlight is that sensational long-time producer that in all probability will, in a few weeks, be the world's long distance Jersey cow. ... Three years ago Bill Hunter moved to Toronto and was the Jersey Milk Specialist for the Canadian Jersey Cattle Club, and under his guiding genius the sale of Jersey milk went up by leaps and bounds. ... He has purchased the Twin Cities Dairy in Kitchener, Ontario, and changed its name to Kitwat Jersey Dairy. He plans to specialize in Jersey milk entirely, and has completely remodelled the dairy and installed a milk bar that is second to none. Already his milk sales have gone up 25% and the milk bar is succeeding beyond Bill's fondest dreams. ... In his work throughout Canada Bill made many friends. His ability to have things done right and his genial personality fit him admirably for his new work.


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120097



# Classified Opportunities

## —To Buy, Sell or Exchange

**In this department are inserted advertisements properly classified, of any and everything that farmers and their families might wish to buy, sell or exchange.**

**Rate: 6 cents per word for each insertion.**

**No advertisement less than 90 cents each insertion.**

**ALL ORDERS FOR CLASSIFIED ADVERTISING MUST BE ACCOMPANIED BY CASH, MONEY ORDER OR CHEQUE.**

**State clearly the number of insertions desired.**

**Give full name and post office address.**

**Name and address to be counted, also each number and initial. Compound words are counted as two words. For example, the following advertisement would be counted as 20 words:**

FOR SALE — 100 ACRE FARM, LOT 4, Con. 2, Downie, $80 acre. J. S. Jones, R. R. 1, Lindsay, Ont.

**If replies are to come to a box number at Canadian Countryman office and we are to forward them, figure 10 cents extra on the charge for each insertion, to cover postage.**

**ALL ORDERS, CHANGES OR CANCELLATIONS MUST REACH US BY SATURDAY, ONE WEEK PREVIOUS TO DATE OF ISSUE.**

## Where Good Registered Livestock May be Purchased

A Directory of Reliable Breeders Who Solicit Your Inquiries When You are in the Market for Pure Bred Stock of Any Kind

**ABERDEEN-ANGUS**

B. Blackburn, Uxbridge, Ont.

**HOLSTEINS**

Eaton Hall Farm, King, Ont.
Mount Victoria Farms, Hudson Hts., Que.

**JERSEYS**

Perth Jersey Club & Sales Agent, S. R. Harlow, St. Paul's, R.R. No. 2, Ont.

**SHORTHORNS**

C. S. Carruthers, R.R. 1, Stouffville, Ont.
Col. F. H. Deacon, Unionville, Ont.
Innisfree Ltd., Lefroy, Ont.

**DUAL-PURPOSE SHORTHORNS**

D. E. Gibson & Caledonia, Ont.

**DORSET HORN**

Vaimer Bartlett, Canfield, Ont.

**BERKSHIRES**

E. W. Vernor, R.R. 5, Stratford, Ont.

**YORKSHIRE SWINE**

Eaton Hall Farm, King, Ont.

**LIVE STOCK**

**DUAL-PURPOSE SHORTHORNS**

SERVICEABLE BULLS, CALVES, FEMALES, bred and open. Herd 85 head. H. Hewitt & Sons, York, Ontario.

BULL CALVES OUT OF R.O.P. COWS EXported to U.S.A. R. W. Davey, Smithville, Ontario.


**IT'S ALL AROUND TOWN!**



—So why not get your copy of this week's Toronto Star Weekly while in town.


**JERSEYS**

FOR SALE — ACCREDITED JERSEYS, fresh cows, breeding stock and bull calves. Apply Roy W. Roth, New Hamburg, Ontario, Waterloo County Sales Agent.

**CLYDESDALES**

FOR SALE — CLYDESDALE BREEDING stock-stallions, brood mares, fillies. 50 registered head on hand. Extra good quality and breeding. West Point Farm, Galt, Ontario.

**DOGS**

SAINT BERNARD PUPPIES, RARE BEAUties, priced reasonable, safe delivery insured. Paramount Kennels, North Hatley, Quebec.

PURE BRED SCOTCH COLLIES, SABLE and white, 4 months old. Males, $5.00; females, $2.50. Wesley Kendrick, Essex.

**MINK**

FOR SALE—"LOOK", REAL DARK QUEbec mink. None better. Both sexes. Special price during August, $30.00. Keep this advertisement. Elm Grove Fur Farm, Wm. B. Patterson, Route 4, Durham, Ont.

**BABY CHICKS**

**GOOD LUCK CHICKS**

BARRED ROCKS, WHITE ROCKS, WHITE Wyandottes, Reds, Black Giants, Hybrids. 9c each. Heavy breed cockerels, 7¼c each. Last hatch August 15. Neuhauser Chick Hatcheries, Chatham, Ont.

SALE OF TOP NOTCH DAY-OLD CHICKS while they last. Order at once, only limited supply at these prices. All chicks from Government banded, bloodtested stock. Barred Rocks, New Hampshire Reds, White Rocks 7½c, cockerels 6½c, pullets 9¾c. Leghorns 6¼c, cockerels 3c, pullets 13½c. Large egg quality, all hatched from 25-ounce eggs, add 1c; Leghorn pullets, add 2c. $1.00 books order. Top Notch Chickeries, Guelph, Ontario.

CATCH UP AND CASH IN ON THE HIGH egg prices early next winter, with Bray started pullet chicks. We have some 2 and 3-week-old Leghorn pullets available. Order now while the supply lasts. Bray Hatchery, 124 John St. North, Hamilton, Ontario.

BADEN GOVERNMENT APPROVED chicks at reduced prices for July and August. Prompt delivery guaranteed. Leghorns $6.45, pullets $13.90, cockerels $3.50; Barred Rocks, New Hampshire Reds, White Rocks $7.45, pullets $11.50, cockerels $6.95. We suggest your buying our Big Egg Quality Chicks. They weigh when hatched 2 lbs. per hundred more than the Government required weight. For these chicks add 1½c. Leghorn pullets 3c. $1.00 books order. Box 50, Baden Electric Chick Hatchery Limited, Baden, Ontario.

**BABY CHICKS**

BARGAINS IN TEN DAYS OLD BARRED Rock, White Rock and New Hampshire Red cockerels. Also 2 weeks old and 3 weeks old cockerels, pullets and mixed chicks. 10 days old, Barred Rock, New Hampshire Red and White Rock cockerels $10.95, pullets $15.50, mixed $11.45. Leghorn pullets $17.90. 2 weeks old add 1½c, 3 weeks add 4½c. Big Egg Quality add 1c, Leghorn pullets 3c. $1.00 books order. Box 50, Baden Electric Chick Hatchery Limited, Baden, Ontario.

STARTED CHICKS, YOUR CHANCE TO get 10-day-old, 2-week-old and 3-week-old chicks at rock-bottom prices. Barred Rock, New Hampshire Reds, White Rocks, ten-day-old, 11¼c; pullets, 13⅜c; cockerels, 10¼c. Leghorn pullets, 17½c. 2-week-old, add 2c; 3-week-old, 4c. Large egg quality, add 1c; Leghorn pullets, 2c. $1.00 books order. Top Notch Chickeries, Guelph, Ontario.

JULY PRICES FOR OUR BETTER BRED chicks. White Leghorn or Barred Rocks, $7.00 per 100. Rock pullets, $12.00 per 100. Leghorn pullets, $13.00 per 100, day old. Order now. Safe arrival. C.O.D. Fairview Poultry Farm, St. Marys, Ont.

BRAY CHICKS FOR DELIVERY DURING August or September should be ordered at least 5 weeks before desired. Bray Hatchery, 124 John St. North, Hamilton, Ontario.

A-1 BABY CHICKS, WHITE LEGHORNS, .07c; Barred Rocks, White Rocks, Brown Leghorns, Hampshire Reds, .08c; Black Giants, .09c; heavy surplus, .07c; White Leghorn cockerels, .05c; Barred Rock cockerels, .07c. Four-week-old pullets, 30c. Guaranteed 100% safe arrival to your station. A. H. Switzer, Granton, Ontario.

IT'S NOT TOO LATE TO RECEIVE TWEDdle fast-maturing day old chicks, all from Government Approved, bloodtested breeders. If you have been disappointed or delayed in receiving your order, write us. We can give prompt delivery on Barred Rocks, White Rocks, New Hampshire Reds, Hybrids, White Leghorn mixed, pullet or cockerel chicks, any Monday or Thursday up until August 1st. Write for reduced price list for July. Box 11, Tweddle Chick Hatcheries Limited, Fergus, Ontario.

HIGH EGG PRICES PREDICTED FOR next winter. Buy Bray chicks now and get in on the profits. Write for our list of Daily Special prices. Bray Hatchery, 124 John St. North, Hamilton, Ontario.

LAST HATCH OF SEASON. BLOOD tested breeders. Barred Rocks, 6½c; White Rocks, 7c; Black Giants, 7c. Cockerels for breeders for sale from registered stock. McCoy Farms, Kitchener, Ont.

**PULLETS AND COCKERELS**

**PULLETS**

BENEFIT BY THE HIGH EGG PRICES and lower feed value by filling your pens with pullets. Write for prices on Leghorns and Barred Rock four weeks old and up. Waterloo County Hatchery, New Hamburg, Ontario.

IT IS GETTING LATE. WHY NOT BUY Tweddle started pullets, cockerels or mixed chicks, 3 weeks, 7 weeks or 10 days old? Our low prices for these older, well-started chicks will surprise you. Can also supply older pullets 8 weeks to 20 weeks, and yearling hens. Write for price list. Box 11, Tweddle Chick Hatcheries Limited, Fergus, Ontario.

BEFORE YOU BUY 4-8 WEEK OLD pullets get our prices. Leghorns, Black Minorcas. Save money and get eggs when prices are highest. Pletsch Hatchery, Stratford, Route 5, Ontario.

**POULTRY FEATHERS, ETC., WANTED**

WANTED LIVE AND DRESSED POULTRY, also feathers. Good prices. Write Stork, 238 Queen West, Toronto.

**AUTOMOBILE ACCESSORIES**

**Buy Used Car and Truck Parts**

SAVE 50% TO 00% GUARANTEED ON axles, bearings, gears, wheels, transmissions, motors, clutches, steerings, drive shafts, glass, etc. Complete stock, parts for all makes, 1908-1938 models. Write or wire your orders collect. Satisfaction guaranteed or refund. Specials, Ford A heads, $2.50; Chev., 29-30 heads, $8.00. Ford A rear ends, $10.00. Rebuilt generators and starters, $4.50 exchange. Levy Auto Parts, 735 Queen West, Toronto.

AUTOMOBILE TIRES, $2.00 UP, BICYCLES $10.00 up. Radios $7.00 up. Transportation paid. Free illustrated catalogue. Peerless, 191 Dundas West, Toronto.

**BELTING**

BELTING FOR THRESHERMEN. ENDless thresher belts, suction hose, feeder canvas, pulleys, hangers, shafting, steel and leather lacing, motors, rope, wire cable at bargain prices. Special, new rubber belting, first quality, round edges, all four-ply, 3-inch, 18c foot; 4-inch, 24c; 5-inch, 30c; 6-inch, 36c; 7-inch, 42c; 8-inch, 48c. Used rubber belting, like new, 5-inch, 3-ply, 15c foot. Used motors, ¼ H.P., 25 and 60-cycle, $6.50 each. Orders shipped subject to inspection. York Belting Company, 88 York Street, Toronto.

BELTING, ELECTRIC MOTORS, SHAFTing, hangers, pulley and bearings. Large stock of used rubber belting up to 16", 8 ply, at special prices. Rubber traces, 2", 3 ply at .12c per foot. N. Smith Belting Works, 138 York Street, Toronto, Ontario.

**BUILDERS' SUPPLIES**

**Barn Roofing---Steel Fence Posts**

SUPERTITE STEEL SHEETS COST LESS, cover more, last longer, lay faster, save sheathing. Direct factory prices on steel roofing and steel fence posts. Superior Products Limited, Sarnia, Ontario.

CORRUGATED, GALVANIZED SHEETS, eavestrough, etc., at rock-bottom prices. First quality, corrugated, galvanized sheets—heavy coated. Special low prices for direct mail order shipments. Save money by buying direct. Quality guaranteed. Immediate shipment. Write Arthur H. Jacobs, 137 Front St. East, Toronto. ELgin 8300.

**BUILD A SILO FOR $29.75**

EVERY FARMER CAN BUILD HIS OWN temporary silo, with Fibreen (a heavy specially treated laminated waterproof paper reinforced for strength with sisal fibres). Resists fungus rot. Use with cribbing or snow fencing. A 27-30 ton silo costs only $29.75, other sizes in proportion. Erect in no time. Feed ensilage and increase your dairy profits. Details of construction, etc., from your own building supply dealer or write Alexander Murray & Co. Limited, Dept. 1CC, Montreal, Toronto, Winnipeg, Vancouver, Halifax or Saint John, N.B.

**DETECTIVES**

DETECTIVES EARN BIG MONEY. WORK home - travel. Experience unnecessary. Detective particulars free. Write George Wagoner, 2640-C, Broadway, New York.

**FARM MACHINERY**

GUARANTEED GASOLINE ENGINES, ALL sizes, 4-6-8-12 cylinders, suitable for tractors, boats, cars, trucks, stone-crushers, sawmills, all agricultural uses. Motors run in and completely tested. Levy Auto Parts, 735 Queen West, Toronto.

BADEN ELECTRIC FENCE IS A GUARANteed Canadian built controller with a reserve shock for dry weather. Write for descriptive folder, Baden Electric Fence Co., Baden, Ontario.

FOR SALE—USED ALLIS-CHALMERS 20-35 tractor in first-class condition. McCormick-Deering Agency, Galt, Ont.

JIM FINN — It Should Be a Big Help — BY PERRY






120098

**FARM MACHINERY WANTED**

3 H.P. 60 CYCLE SINGLE PHASE MOTOR. State price, condition, make. John A. Bell, Uxbridge, Ontario.

**FARMS FOR SALE**

SCUGOG TOWNSHIP, 100 ACRES, SQUARE brick house, large barn, steel roof, driving house, buildings in good repair, about five acres bush. Good loam soil. Must be sold. Carleton Graham, R.R. No. 3, Port Perry, Ontario.

**FEMALE HELP WANTED**

WANTED — HOUSEKEEPER, BY REFINED bachelor, 44 years, no objection to one child. State salary. Box 106, Canadian Countryman, Toronto.

**FOR SALE**

**THIS Beautiful MONUMENT**

Height 2 feet 6 inches
Cost Only **$39** Freight Prepaid
40 V-Sunken Letters Free
Stones from $6 to $60.50




Send for Free Catalog containing complete details and illustrations of all stones.

*No Agents Wanted*

**LO'NS STONE WORKS LTD.**
(Established 1908)
Box 244, Norwood P.O., Winnipeg, Man.

BUY WHERE YOU SAVE! SHOE LACES, 6 pair (black), 25c; Bingo games, 30c; tie and collar holders (set), 25c; ready-knot silk ties, 60c; reading glasses, 25c; tooth brushes, 20c; bathtowels, pair, 80c; face cloths, each 10c; hand towels, pair, 45c. Each sent postpaid. William Wells; Durham, Ontario.

FOR SALE — 28 x 45 MOUNT FOREST separator with elevator, in good running condition. $450.00. Apply Box 104, Canadian Countryman, Toronto.

**HELP WANTED**

EARN MONEY GATHERING MEDICINAL roots, herbs, weeds, barks. Hundreds growing wild have cash value. Stamp brings details. Write Box 078, Islington, Ontario.

FREE SPAWN, NITROGEN, BOOKLET. $40.00 weekly growing mushrooms for us or your local market, fresh or dried. Dominion Patent 331563. North American Spawn Company, 169 Yonge, Toronto.

$50 MONTHLY GROWING MUSHROOMS for us. Free spawn and nitrogen. We show you how. Information free. Grade A spawn only. Georgian Bay Produce, Box 515, Toronto.

WANTED IMMEDIATELY, SINGLE MAN for general farm in Oxford County, good milker, good with horses, non-smoker. State age and wages. Winter work if satisfactory. Box 102, Canadian Countryman, Toronto.

**INVENTORS**

INVENTIONS EXAMINED AND ADVICE as to the best procedure in promoting, financing, selling, manufacturing and marketing of unpatented and patented ideas. Write Redgrave-Redgrave & Co., McCormick Bldg., St. Catharines, Ontario.

**LIGHTNING RODS**

PROTECT LIFE AND PROPERTY FROM lightning. Farm property loss from lightning over the past ten years has amounted to several million dollars, while the loss on properly rodded buildings has been negligible. Don't gamble on losing your buildings and crop. Write for full information. Dominion Lightning Rod Company, Dundas, Ontario.

NO NEED TO WORRY WHEN THE NEXT electric storm comees along if your buildings are equipped with a Guaranteed Universal Lightning Rod System. Even if struck, the chances are that no damage will be done. Why take a chance on a staggering loss? Write for full particulars. Universal Lightning Rod Company, Hespeler, Ontario.

**MEDICAL**

**ARE YOU RUPTURED?**

RELIEF, COMFORT, POSITIVE SUPPORT with our advanced method. No elastic or undertraps or steel. Write Smith Manufacturing Co., Dept. 88, Preston, Ontario.

**MILKING MACHINES AND REPAIRS**

IF YOU REQUIRE REPAIRS FOR YOUR milker (any make), take advantage of our complete service and save money. New and rebuilt milkers always in stock at prices which will interest you. Universal Milker Supply, Peterborough, Ont.

**PHOTOGRAPHY**

**SEND YOUR FILMS**
**TO THE HOUSE OF QUALITY**

Higher grade prints guaranteed by latest developing process. THIS MONTH'S SPECIAL OFFER—Any size roll developed. Every print enlarged; or if you prefer, 16 prints. All for 25c. Free Film and Camera Coupon.



Free With Every Order a beautiful portrait of a motion picture star
CONSOLIDATED PHOTO SERVICE
HAMILTON, ONT.

COLOURED OR GLOSSY ENLARGEment free with each order. Roll developed printed 25c. Gem Photo Service, Box 729, Station H, Toronto.

ROLL FILM DEVELOPED AND CHOICE of 8 regular size prints, 25c; reprints, 8 for 25c, free enlargement with either 25c order, or, 8 enlarged prints 30c; reprints, 8 for 30c. Established over 25 years. Brightling Studio, 29 Richmond St. East, Toronto.

7 x 5 ENLARGEMENTS IN CREAM TONE, including handsome easel frame, 44c. Very exclusive. Roll developed and printed or reprints, regular 25c or enlarged 30c. Toronto Photo Finishers, R 112, West Adelaide, Toronto.

ROLL FILM DEVELOPED WITH EIGHT enlarged prints 30c, or eight regular size prints and free enlargement 25c. Enlarged reprints 8 for 30c, regular 8 for 25c with free enlargement. Artistic Photo Finishers, 35 Richmond East, Toronto.

**PERSONAL**

WANTED — ORIGINAL POEMS, SONGS, for immediate consideration. Send poems to Columbian Music Publishers Ltd., Dept. C-12, Toronto.

**TOBACCO**

4-POUND SAMPLE PACKAGE BURLEY Zimmer, prior leaf, flavoring and recipes, or 3-pound sample package Virginia Burley, Zimmer and prior leaf; 2 samples manufactured, $1.00 postpaid. Ruthven Co-operative Tobacco Exchange, Ruthven, Ontario.

**MISCELLANEOUS**

SONG POEMS WANTED. SUCCESSFUL composers invite authors to submit lyrics. Write "Composer" (Box 38), c/o Rays Advt. Agency, Cecil Court, London, W.C. 2, England.

WANTED ORIGINAL POEMS, SONGS, FOR immediate consideration. Send poems to Columbian Music Publishers Ltd., Dept. C37, Toronto.

## C. M. Blyth Buys Half Interest in "Campbell's Command"

THE better a herd the more difficult becomes the problem of selecting a bull. Realizing this Mr. C. M. Blyth of Guelph, Ont., has followed the policy of always being on the lookout for a promising young herd sire, with individual merit and concentration of proven blood lines, that should ensure further progress in his Blythwood herd of Scotch Shorthorns. Thus the announcement that he has succeeded in purchasing from Mr. Grant Campbell of Moffat, Ont., a one-half interest in the imported bull calf, "Campbell's Command".

"I consider this the most promising deal I ever made in Shorthorns, for I had made up my mind that I was going to have a top son of either 'Calrossie Command' or 'Calrossie Control' at the head of my herd. And if I had gone to the Perth sale in Scotland, in February, I could not have obtained a bull whose breeding would please me any better . . . and I doubt whether my pocket-book would have stretched enough to have gotten one possessing the quality this calf is showing," said Mr. Blyth, in commenting on his purchase.

No price was mentioned, but we gathered it was a very substantial figure.

"Campbell's Command" was born on the boat coming over from Scotland, on November 17. He is a rich red roan, sired by "Calrossie Command", whose sire was "Calrossie Control" by "Collynie Royal Leader". His dam was sired by "Calrossie Scout Leader", whose sire was "Collynie Royal Leader" by "Balcairn White Eagle". "Campbell's Command" thus carries a concentration of the "Royal Leader" blood, through a son and grandson. According to Mr. Blyth, this line of breeding is the most popular in Scotland today, being sought after by the most constructive breeders overseas.

"Campbell's Command" is being fitted at Campbell Farms by Billie Black and will be shown at the Canadian National Exhibition, where breeders will have an opportunity to see this great young prospect.

## Col. Deacon Had Both Grands at Calgary

BOTH Shorthorn grand championships at the Calgary Exhibition went to the Glenburn Farms herd of Col. F. H. Deacon, Unionville, Ont. The Glenburn string won 6 championships, 4 reserve championships, 13 firsts, 4 seconds, 2 thirds, 1 fourth and 1 fifth.

Besides winning the 2-year-old class, Klaymor Royal became senior and grand champion. The junior and reserve grand went to Glenburn Declamation, first prize bull calf and reserve junior to G. Declaration, 1st prize junior yearling. G. Detonator was 2nd prize junior yearling. Col. Deacon also won first on pair of bulls.

In females, Glenburn Myrtle 6th, 1st 2-year-old heifer, was senior and grand champion female; G. Clara 6th, 1st 3-year-old cow, reserve senior and reserve grand champion. G. Butterfly 12th, 1st prize junior yearling and junior champion female, G. Myrtle 5th, fifth in 2-year-olds, G. Brawith Bud 3rd, first in senior yearling heifers, G. Rosewood 6th, third in senior yearlings, G. Mysie 6th, second in heifer calves, and G. Annette 5th, third in heifer calves.

Glenburn entries won first in graded and junior herds, 1 and 4 for pair of females, 1 and 2 on get-of-sire, and 1 and 2 on progeny of dam.

Princeton Publican, owned by John Gardhouse & Sons, of Weston, Ont., was awarded the reserve senior championship ribbon. Entries from the Duke of Windsor's E.P. ranch at High River, Alta., took several second, third and fourth prize ribbons.

## Jas. Douglas and Sons Add to Their Herd

MESSRS. JAS. DOUGLAS & SONS, Caledonia, have purchased recently all the females, a large proportion imported, from the Wychwood Farm herd, Concord, Ont. These should make an important addition to the strong Willowbank collection. The same enterprising breeders secured a capital young bull in the sale held recently at Edellyn Farms, Wilson, Ill. This promising youngster, Sultan Waverly, is by the great show bull, Sultan Browndale, and his dam is imported Collynie Lady Augusta. Thus, he carries much of the very best blood of the breed, and, with his grand head, straight lines, smoothness and sappiness, he should make good as a sire.

Douglas Hart, of Woodstock, Ont., sold two 4 per cent bulls around Dominion Day. One went to Sam. S. Roth, of Baden, Ont. The dam has 16,000 lbs. of milk as a three-year-old and has never been below 4%, having had another 4% test in early July. She will give the leader in the 305-day division a close run for fat production, as she is also bred for that division. . . . The other bull went to G. G. Callon, of Ancaster, Ont. This bull's dam has not been below 4% for two years, and is now making a nice four-year-old record.





Here is the filler that suits every silo . . . upright, pit, trench or temporary. No need to level the filler or to get the pipe straight . . . universal joint takes care of alignment. Elbows available to deliver in any direction. Handy to set . . . easy to move by hand, fits in cramped corners.

The Case silo filler-hay chopper serves every forage cutting need, including the modern molasses-silage method of storing green grasses and legumes. Its straight-down shear cut saves power and gets bigger capacity from your tractor . . . reduces knife wear and resharpening . . . cuts cleaner on ribbed shear plate. Makes the most of your man-power too . . . positive-push open-slat feeder with streamlined sides saves a man. Toothgrip feed rolls with floating drum overload control permit fast feeding without fear of clogging.

See your Case dealer today. Get one of these fast, clean-cutting, long-life fillers. Put up your silage at its prime, and at savings that soon repay for your investment and earn extra profits for years to come. Mail the coupon today.

**BE SURE TO SEE THE NEW CASE CORN BINDERS**

Before you buy any corn binder . . . or worry along another season with an old one, look at the new Case heavy-crop corn binders, both horsedrawn and power-drive tractor types. Straight stalk-way avoids clogging; precision power parts for fast work and long life. Balanced between big wheels; no tongue truck needed.




**CASE**

SEND COUPON FOR YOUR COPIES

For both silo filler book and new folder of facts about green hay silage, fill blanks below, mark machines that interest you—mail to J. I. CASE CO., Dept. G-101, Toronto, Ont.

☐ Silo Fillers ☐ All-Purpose Tractors
☐ Power Corn Binders ☐ Standard 4-wheel Tractors
☐ Horse Corn Binders ☐ Centennial Plows

Name _____
Address _____ Corn Acreage _____


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

## Keep Horses fit for Work



If a horse is afraid to pull because of sore shoulders, he will not do a good day's work. Save your horses' shoulders by using the most comfortable and easiest Sweat Pads and Horse Collars. Staco Sweat Pads are soft, yet firm, fitted with Sta-on hooks, that will not pull off. Staco Horse Collars are high grade and designed to fit the neck and shoulders so as to distribute the strain, and make the pull easy.

Ask Your Dealer for Staco Brand Harness goods. They have maintained their quality for sixty years, outlast any other kind, and are the cheapest in the end. Send for catalogue and prices.

"STACO" SWEAT PADS
"STACO" HORSE COLLARS

CATALOGUE AND PRICE LIST SENT ON REQUEST

**SAMUEL TREES & CO. LTD.**

42 WELLINGTON ST. EAST, TORONTO, ESTABLISHED 1869






"RED RIBBON" GUTTA PERCHA THRESHER BELTS grip like a leech, wear like a pig's nose and save you money by giving longer trouble-free service. See your dealer, or write direct to the Gutta Percha branch nearest you for particulars and prices of GP Thresher and other Belts for farm use and GP Agricultural Suction and Discharge Hose.

GUTTA PERCHA & RUBBER, LIMITED

Branches Across Canada

HALIFAX ST. JOHN QUEBEC
MONTREAL OTTAWA TORONTO
LONDON WINNIPEG REGINA
SASKATOON CALGARY
EDMONTON VANCOUVER VICTORIA


### If Your Renewal is Due

*Readers of Canadian Countryman who have received notice that their renewal subscriptions are due, should see that their renewal orders are sent by the earliest possible mail. Be sure your subscription is paid up so that you will not miss any copies of your Countryman. Subscription rates: $1.00 per year (52 issues); $1.50 for two years (104 issues); $2.00 for three years (156 issues).*

## From the Open Kettle

(Continued from page 9)

Wash gooseberries and remove stems and blossom ends. Add water and cook until skins are soft. Add sugar and cook rapidly until thick and clear. Pour into sterilized containers and seal when cold.

*Blueberry and Apple Conserve*

4 cups blueberries
4 cups tart apples
Juice and rind of 1 lemon
6 cups sugar

Wash, quarter and core the apples and put through the food chopper. Mix all the ingredients and cook until the mixture is thick and clear. Pour into sterilized glasses and seal.

*Spiced Cherries*

One quart pitted cherries (either sour or sweet), three cupfuls granulated sugar, ½ cup good cider vinegar, one teaspoon cinnamon, ¼ teaspoon each of allspice and cloves, a small pinch of salt.

Cook all together until cherries are soft and mixture has cooked down until quite thick.

## Unions and Agriculture

(Continued from page 3)

costs that no one would buy them. Chaos could be expected from this cause alone without an even more important one.

Union theories stand on the principle that if two men are engaged in similar work they should be paid equal wages. This is a prime falsity of communism. We have all witnessed two carpenters working side by side building a table. One expertly builds a neat and serviceable table. The other cuts his material wrong, etc., and after spending twice the time turns out an ugly, rickety job that quickly falls to pieces. One would receive forty cents for the good table and the second eighty cents.

With the closed shop the lazy worker cannot be fired. In an effort to adjust such glaring injustices the government of the country would be urged to undertake the regulation of such practices by laws. We would see thousands of rules and regulations, quotas and codes, restrictions and bonuses, prohibitions, fines and punishments. And yet in spite of this bewildering regimentation, sloth and inefficiency would increase with each new regulation. With the introduction of this government control, an army of non-productive parasites feed on the labors of the workers, lowering their standard of living. The state becomes rotten with corrupt politics, one large class imposing on a smaller class by the ballot box.

When only seventy-five per cent of the workers are organized, they persecute the unorganized. A recent example of this took place in Toronto. If the farmers wish to buy steel roofing or any other manufactured goods they must pay union labor $4 a day. When milk prices advanced a cent a quart, Toronto housewives formed a boycott. This is cheating the farmer two ways.

When labor becomes organized under one unscrupulous and personally ambitious leader the logical result is that his mob overthrows democratic government and sets him up as dictator to usher in a new era. Securely established, the heel of blood soon destroys all opposition and he goes vainly on with his task of regimentation and personal agrandizonment. He brings war to add laurels to his crown and suppress dissatisfaction with his unworkable plans. The leaders of the French revolution that did not guillotine each other while in office, later met the same fate they had meted out to hundreds.

## Mac's Meanderings

(Continued from page 4)

Last year we cut about six inches off the end of a big molasses puncheon in order to make a deep tub for water in the field for the horses. We decided to use the shallow end as an extra "trough" for those pigs. It works fine except that we have to go into the pen to put the feed into it and that isn't so funny with ten perpetually hungry pigs in the pen. Bu there is always a way and so, when the door is opened to enter with the feed, the ten pigs all rush out. While they are out the first pail of feed can easily be emptied in the shallow tub. Then when they all scramble for the tub the second pail can be emptied in the trough. By that time they are sufficiently occupied that a third pail can be emptied wherever desired.

That tub is one of the finest means of illustrating pig nature. I have been told that a pig's inner organs and a person's are identically the same. The more I see pigs (and people) the more I believe that the likeness is not entirely confined to the inward parts but to the disposition as well. There are some of those pigs that think they should cover as much space in that tub as they possibly can. There would be ample room for the whole ten of them to eat out of it if they would be content to stand around in a circle and politely put their snouts in the part of the tub nearest to them. But no, they must sprawl across the tub and feed out of the far side of it. One of them has a habit of sitting on one edge like an old lady bathing her feet and with her nose dipped in at the opposite side.

When those pigs make their first grand rush for the tub the one first there gets his snout jammed against the far side of the tub, but the rush of others behind him usually keels him over on his back on the opposite side of the tub all together. So the first isn't always first, for he usually finds the tub full of pigs by the time he gets to his feet again.

On the whole they are a fairly happy crowd and as long as the meals come with a fair degree of regularity they live in blissful ignorance of the fact that the one thing they love most—to eat—is the one thing that will hurry them all the faster to the common end of well-fed pigs. "A short life and merry one" seems to most aptly describe the situation as far as they are concerned.

## On Choosing a Breed

WE heard quite an animated discussion this week between two dairymen, each of whom kept two breeds of dairy cattle. They both cater to a city milk market but their conclusions were the exact opposite. One held that a Channel Island breed was the most satisfactory and profitable. The other held that his Holsteins brought him the most returns. They quoted figures to prove their contentions which were quite interesting at least. Our opinion was that one man had a better herd of Holsteins while the other had a better herd of Jerseys.

A good cow is a good cow no matter what breed she is. There are certain conditions to which one breed is more adaptable than the other. There are certain localities which are noted for a certain breed of cattle and it is advantageous to own that breed in that locality. The markets are much wider. The opportunities for securing breeding stock of the best families are much greater. The demand for the milk products is also likely to be greater.

In a market that requires golden milk, there is no doubt but that the product of the Guernsey is most suitable. To secure a premium on butter, particularly where good pasture and high-quality roughage is available, the Jersey breed is best adapted. When feed is not so plentiful and the cows have to shift for themselves yet still produce a good quality of milk, the Scotchman's Cow, the Ayrshire, comes nearest filling the bill. To transform the feed and pasture of our rich, level lands into a marketable product for cheese, powdered milk or the city trade, there the Holstein is supreme.

Many of our grade men are going into pure-breds every year and getting their herds accredited. Some of them are changing their breeds. The breed they most desire, is the one they are most likely to be successful with, but still we think they should not forget the market for their product and the breed that their neighbors keep.

The dairyman who would breed Guernseys in a district where 85 per cent of the cattle are Ayrshires, or would keep Jerseys where a district is famous for its Holsteins, can expect to have rather a difficult row to hoe. Success is not impossible, but it is much more difficult when the neighbors are not helping out. The majority of people are seldom wrong.—D. H. H.

## Pheasant Eggs Shipped to Scotland

THE first shipment of live pheasant eggs, to be used for propagation purposes, ever sent from Canada or North America to the Old Country left Montreal recently aboard the S.S. Antonia. Shipment of the eggs reversed a practice that has existed for two hundred years, during which time Canadian and American game bird breeders have always imported eggs and birds from the Old Country.

The Canadian eggs were sent by O. A. Zuercher, well-known breeder and game conservationist of Rawdon, P.Q., to Sir William Coates Cross of Scatwell, Muir of Ord, Ross-shire, Scotland. They will be used to introduce the blood of the hardy acclimatized Northern Quebec bird into the older Scottish strain.

Comprising ninety eggs of the Ring-Necked species, a cross between the Chinese and Mongolian pheasants and the most popular species among breeders, the shipment was packed in an insulating layer of bran in which each egg will have to be turned twice daily to prevent the undeveloped germ from sticking to the top of the shell.

Acclimatizing the Ring-Necked pheasant to the rigors of the Northern Quebec climate, a feat considered impossible by most breeders a few years ago, is the work of Mr. Zuercher, who is a Canadian war veteran and pensioner. Starting four years ago, with one clutch of eggs, which he placed under hens, Mr. Zuercher has since built up and stocked one of the largest pheasantries in the Dominion. Among the birds in his run is the world's champion layer—Lady Grimm—a pullet with 149 eggs in 162 days to her credit. Not once has this Laurentian breeder lost a bird through disease or extremes in climate.

Primarily interested in wild life restoration—Mr. Zuercher has an expert's knowledge of the possible future of pheasant breeding in Canada. Without importing any birds there are enough potential breeders in Canada, he states, to produce annually 5,000,000 eggs within three years, an abundance that would permit pheasant shooting on a large scale.

"If the trial shipment of birds to England proves successful," says Mr. Zuercher, who has already sent eggs overland for distances of 2,500 and 3,000 miles, "acclimatized species of other game birds such as grouse and wild turkey, all hardier than the Old World strain, will be sent to the British Isles."



## Practical Discussions

(Continued from page 5)

Two brood sows are usually kept, and their litters fattened to 200 lbs. or over by the last of August and February of each year . . . to avoid the heavy runs later. I also have over 20 registered ewes. Some of the lambs are sold for breeding purposes, while others are marketed for slaughter.

This year we have left 5 acres of alsike, 3 acres of alfalfa and 10 acres of red clover for seed. The red clover flowered early and we began cutting it June 15, so as to give the second crop a better opportunity to grow and produce seed. I have a special mill for cleaning seed and sell most of it to neighbors at a dollar per bushel more than the seedsmen will pay.

We have 11 acres of fall wheat that is looking well, also 5 acres of Erban oats and 5 acres of Nobarb barley, which will go for seed. We have no silo and do not want one. Instead we grow some mangels, turnips and soy beans, along with mixed hay, alfalfa and some sweet clover. Besides these soil-building legumes, we make a lot of manure and sow fertilizer, which pays well, in my experience. All wet spots are tile-drained.

With favorable weather, we grow good crops, but are never crowded with work, having leisure to attend ball games and other gatherings. My system of farming may not be as profitable as some specialists', but it suits me; I manage to make a living and we are not slaves.

Durham Co. OLD TIMER.

Editor's Note—We question whether those advocating specialized farming believe that farmers should necessarily concentrate on one or two lines. Rather are they thinking of the way in which some particular line is handled . . . if we interpreted their meaning correctly. For instance, "Old Timer" caters to the local demand for clover seed. By keeping his land free of weeds and using special cleaning equipment, he is apparently producing a quality of seed that people want, and thereby securing a higher price than he could obtain for "ordinary" seed grown on land just ordinarily clean and run through an ordinary mill in the ordinary way. We would say that he specialized in seed production. And the same in hogs. Timing his farrowings so that the litters will reach market when the runs are comparatively light is, we consider, one form of specialization. In other words, specialization is largely a matter of doing a really good job. We shall be interested in learning whether or not readers agree with our definition, and whether or not they would rate "Old Timer" as a specialist. It is a subject well worth our consideration.

## Wayside Gossip

(Continued from page 4)

highway, north from Woodhill. Glancing into the mirror of our car, we could see little dust behind us . . . just a faint waft of material here and there, as our wheels rolled over spots where the gravel had not been cemented together quite well enough. In general the road had a hard, dust-proof surface.

What a change when we got by the treated section! Our mirror revealed a dense cloud of dust drifting on to somebody's property. We were glad not to be following ourselves.

On the way back, we stopped to ask a few people what they thought of the treated highway that ran past their farms.

"It's a great thing," said Mr. A. W. Fleming of Mono Road. "And the road is getting better all the time. Each annual treatment improves the surface, so that it will soon be like a paved road."

According ot Mr. Alex. Wilson, on the other side of Sand Hill, the road in front of his farm was treated last year, but not this. "I considered it a fine step, as the treatment laid the dust and hardened the road."

Mr. Carberry's experience with untreated highway has been mentioned. Since clay and calcium chloride were added to the gravel in front of his farm, the dust nuisance has been eliminated. Not only can he now grow hay free of ground gravel, but he finds the road better to travel.

---

India possesses the largest number of cattle of any country in the world, but owing to adverse climatic and economic conditions, the productive value of the cattle industry is not commensurate with its size. The majority of milk cows in India are seriously underfed.

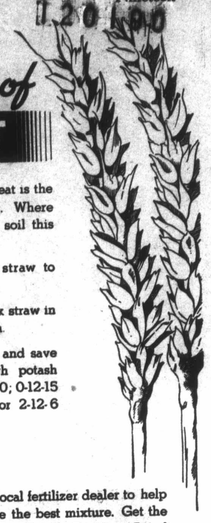
## The Song of the Lazy Farmer



MIRANDY'S all excited, she has put a brand-new shirt on me, and made me wash behind my ears, because this ev'ning, it appears the preacher's comin' out to call. You'd think the heavens sure would fall the way she's scrubbed and cleaned the place, till you can almost see your face the way it shines so spick and span; that preacher must be quite a man to call for all this splurge and fuss when he comes out to dine with us. There's two fat chickens in the pot, when he has et, as like as not, his mind won't be on higher things, but on his stomach-ache, by jings.

At any rate, I allus feel, salvation after a full meal is easier on mortal man, I'll try to stand it if I can. But when that minister begins to lecture me about my sins and name the things I shouldn't do, I know I'll feel when he is thru that I have led a wicked life, and if it wasn't for my wife my future would be black indeed. My virtues all have gone to seed, I'm lucky to be out of jail, on Sunday morning oft I fail to show up at the preachin' place, that's why I lack so much in grace. I try to treat my neighbors right, but often stay too late at night at Deacon Jones's harness store a-swappin' yarns, so more and more Mirandy's give up hope for me, she thinks I'm wicked as can be. Yet when I climb the golden stair and meet St. Peter waitin' there, perhaps he'll say, "How do you do, old feller, I like fishin' too".


## Forestall a sit-down strike of WINTER WHEAT



ONE of the hazards of growing winter wheat is the lodging of the crop due to weak straw. Where there is plenty of available potash in the soil this danger is greatly reduced.

Heavy heads of grain require strong straw to support them.

Low yields, poorly filled kernels and weak straw in winter wheat all point to potash starvation.

You can produce more profitable crops and save labor and trouble by choosing a high potash fertilizer for winter wheat, such as 0-12-10, 0-12-15 or 2-12-10. On very heavy land 0-12-6 or 2-12-6 may be used.

More Potash means More Profit

Ask your local fertilizer dealer to help you choose the best mixture. Get the report of the Ontario Fertilizer Board from your Agricultural Representative.

WRITE US FOR HELPFUL LITERATURE

AMERICAN POTASH INSTITUTE, INC.
17 Main Street East · Hamilton, Canada



Daily use of WRIGLEY'S SPEARMINT CHEWING GUM AFTER EVERY MEAL is fine for teeth




Dentists recommend the regular use of Wrigley's Gum—chewing helps keep teeth strong and white, gives them needed exercise. Cleanses by removing food particles remaining between teeth after eating. Aids digestion, assures pleasant breath. *A simple aid to health!* Enjoy it daily—*millions do!*

Four delicious flavors—Spearmint, Double Mint, Juicy Fruit and P.K.

C5-38



REMEMBER . . . .

to get your copy of this week's Toronto Star Weekly while in town.




### Don't Forget Your Renewal

*Notice was sent recently to all Countryman readers whose renewal subscriptions are due. Your prompt attention will be appreciated. Better look after it RIGHT NOW.*


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

## Keep Horses fit for Work



If a horse is afraid to pull because of sore shoulders, he will not do a good day's work. Save your horses' shoulders by using the most comfortable and easiest Sweat Pads and Horse Collars. Staco Sweat Pads are soft, yet firm, fitted with Sta-on hooks, that will not pull off. Staco Horse Collars are high grade and designed to fit the neck and shoulders so as to distribute the strain, and make the pull easy.

Ask Your Dealer for Staco Brand Harness goods. They have maintained their quality for sixty years, outlast any other kind, and are the cheapest in the end. Send for catalogue and prices.



"STACO" SWEAT PADS
"STACO" HORSE COLLARS
CATALOGUE AND PRICE LIST SENT ON REQUEST

SAMUEL TREES & CO. LTD.
42 WELLINGTON ST. EAST, TORONTO, ESTABLISHED 1869






"RED RIBBON" GUTTA PERCHA THRESHER BELTS grip like a leech, wear like a pig's nose and save you money by giving longer trouble-free service. See your dealer, or write direct to the Gutta Percha branch nearest you for particulars and prices of GP Thresher and other Belts for farm use and GP Agricultural Suction and Discharge Hose.

GUTTA PERCHA & RUBBER, LIMITED

Branches Across Canada

HALIFAX ST. JOHN QUEBEC
MONTREAL OTTAWA TORONTO
LONDON WINNIPEG REGINA
SASKATOON CALGARY
EDMONTON VANCOUVER VICTORIA


### If Your Renewal is Due

*Readers of Canadian Countryman who have received notice that their renewal subscriptions are due, should see that their renewal orders are sent by the earliest possible mail. Be sure your subscription is paid up so that you will not miss any copies of your Countryman. Subscription rates: $1.00 per year (52 issues); $1.50 for two years (104 issues); $2.00 for three years (156 issues).*

## From the Open Kettle

(Continued from page 9)

Wash gooseberries and remove stems and blossom ends. Add water and cook until skins are soft. Add sugar and cook rapidly until thick and clear. Pour into sterilized containers and seal when cold.

*Blueberry and Apple Conserve*

4 cups blueberries
4 cups tart apples
Juice and rind of 1 lemon
6 cups sugar

Wash, quarter and core the apples and put through the food chopper. Mix all the ingredients and cook until the mixture is thick and clear. Pour into sterilized glasses and seal.

*Spiced Cherries*

One quart pitted cherries (either sour or sweet), three cupfuls granulated sugar, ½ cup good cider vinegar, one teaspoon cinnamon, ¼ teaspoon each of allspice and cloves, a small pinch of salt.

Cook all together until cherries are soft and mixture has cooked down until quite thick.

## Unions and Agriculture

(Continued from page 3)

costs that no one would buy them. Chaos could be expected from this cause alone without an even more important one.

Union theories stand on the principle that if two men are engaged in similar work they should be paid equal wages. This is a prime falsity of communism. We have all witnessed two carpenters working side by side building a table. One expertly builds a neat and serviceable table. The other cuts his material wrong, etc., and after spending twice the time turns out an ugly, rickety job that quickly falls to pieces. One would receive forty cents for the good table and the second eighty cents.

With the closed shop the lazy worker cannot be fired. In an effort to adjust such glaring injustices the government of the country would be urged to undertake the regulation of such practices by laws. We would see thousands of rules and regulations, quotas and codes, restrictions and bonuses, prohibitions, fines and punishments. And yet in spite of this bewildering regimentation, sloth and inefficiency would increase with each new regulation. With the introduction of this government control, an army of non-productive parasites feed on the labors of the workers, lowering their standard of living. The state becomes rotten with corrupt politics, one large class imposing on a smaller class by the ballot box.

When only seventy-five per cent of the workers are organized, they persecute the unorganized. A recent example of this took place in Toronto. If the farmers wish to buy steel roofing or any other manufactured goods they must pay union labor $4 a day. When milk prices advanced a cent a quart, Toronto housewives formed a boycott. This is cheating the farmer two ways.

When labor becomes organized under one unscrupulous and personally ambitious leader the logical result is that his mob overthrows democratic government and sets him up as dictator to usher in a new era. Securely established, the heel of blood soon destroys all opposition and he goes vainly on with his task of regimentation and personal agrandizonment. He brings war to add laurels to his crown and suppress dissatisfaction with his unworkable plans. The leaders of the French revolution that did not guillotine each other while in office, later met the same fate they had meted out to hundreds.

## Mac's Meanderings

(Continued from page 4)

Last year we cut about six inches off the end of a big molasses puncheon in order to make a deep tub for water in the field for the horses. We decided to use the shallow end as an extra "trough" for those pigs. It works fine except that we have to go into the pen to put the feed into it and that isn't so funny with ten perpetually hungry pigs in the pen. Bu there is always a way and so, when the door is opened to enter with the feed, the ten pigs all rush out. While they are out the first pail of feed can easily be emptied in the shallow tub. Then when they all scramble for the tub the second pail can be emptied in the trough. By that time they are sufficiently occupied that a third pail can be emptied wherever desired.

That tub is one of the finest means of illustrating pig nature. I have been told that a pig's inner organs and a person's are identically the same. The more I see pigs (and people) the more I believe that the likeness is not entirely confined to the inward parts but to the disposition as well. There are some of those pigs that think they should cover as much space in that tub as they possibly can. There would be ample room for the whole ten of them to eat out of it if they would be content to stand around in a circle and politely put their snouts in the part of the tub nearest to them. But no, they must sprawl across the tub and feed out of the far side of it. One of them has a habit of sitting on one edge like an old lady bathing her feet and with her nose dipped in at the opposite side.

When those pigs make their first grand rush for the tub the one first there gets his snout jammed against the far side of the tub, but the rush of others behind him usually keels him over on his back on the opposite side of the tub all together. So the first isn't always first, for he usually finds the tub full of pigs by the time he gets to his feet again.

On the whole they are a fairly happy crowd and as long as the meals come with a fair degree of regularity they live in blissful ignorance of the fact that the one thing they love most—to eat—is the one thing that will hurry them all the faster to the common end of well-fed pigs. "A short life and merry one" seems to most aptly describe the situation as far as they are concerned.

## On Choosing a Breed

WE heard quite an animated discussion this week between two dairymen, each of whom kept two breeds of dairy cattle. They both cater to a city milk market but their conclusions were the exact opposite. One held that a Channel Island breed was the most satisfactory and profitable. The other held that his Holsteins brought him the most returns. They quoted figures to prove their contentions which were quite interesting at least. Our opinion was that one man had a better herd of Holsteins while the other had a better herd of Jerseys.

A good cow is a good cow no matter what breed she is. There are certain conditions to which one breed is more adaptable than the other. There are certain localities which are noted for a certain breed of cattle and it is advantageous to own that breed in that locality. The markets are much wider. The opportunities for securing breeding stock of the best families are much greater. The demand for the milk products is also likely to be greater.

In a market that requires golden milk, there is no doubt but that the product of the Guernsey is most suitable. To secure a premium on butter, particularly where good pasture and high-quality roughage is available, the Jersey breed is best adapted. When feed is not so plentiful and the cows have to shift for themselves yet still produce a good quality of milk, the Scotchman's Cow, the Ayrshire, comes nearest filling the bill. To transform the feed and pasture of our rich, level lands into a marketable product for cheese, powdered milk or the city trade, there the Holstein is supreme.

Many of our grade men are going into pure-breds every year and getting their herds accredited. Some of them are changing their breeds. The breed they most desire, is the one they are most likely to be successful with, but still we think they should not forget the market for their product and the breed that their neighbors keep.

The dairyman who would breed Guernseys in a district where 85 per cent of the cattle are Ayrshires, or would keep Jerseys where a district is famous for its Holsteins, can expect to have rather a difficult row to hoe. Success is not impossible, but it is much more difficult when the neighbors are not helping out. The majority of people are seldom wrong.—D. H. H.

## Pheasant Eggs Shipped to Scotland

THE first shipment of live pheasant eggs, to be used for propagation purposes, ever sent from Canada or North America to the Old Country left Montreal recently aboard the S.S. Antonia. Shipment of the eggs reversed a practice that has existed for two hundred years, during which time Canadian and American game bird breeders have always imported eggs and birds from the Old Country.

The Canadian eggs were sent by O. A. Zuercher, well-known breeder and game conservationist of Rawdon, P.Q., to Sir William Coates Cross of Scatwell, Muir of Ord, Ross-shire, Scotland. They will be used to introduce the blood of the hardy acclimatized Northern Quebec bird into the older Scottish strain.

Comprising ninety eggs of the Ring-Necked species, a cross between the Chinese and Mongolian pheasants and the most popular species among breeders, the shipment was packed in an insulating layer of bran in which each egg will have to be turned twice daily to prevent the undeveloped germ from sticking to the top of the shell.

Acclimatizing the Ring-Necked pheasant to the rigors of the Northern Quebec climate, a feat considered impossible by most breeders a few years ago, is the work of Mr. Zuercher, who is a Canadian war veteran and pensioner. Starting four years ago, with one clutch of eggs, which he placed under hens, Mr. Zuercher has since built up and stocked one of the largest pheasantries in the Dominion. Among the birds in his run is the world's champion layer—Lady Grimm—a pullet with 149 eggs in 162 days to her credit. Not once has this Laurentian breeder lost a bird through disease or extremes in climate.

Primarily interested in wild life restoration—Mr. Zuercher has an expert's knowledge of the possible future of pheasant breeding in Canada. Without importing any birds there are enough potential breeders in Canada, he states, to produce annually 5,000,000 eggs within three years, an abundance that would permit pheasant shooting on a large scale.

"If the trial shipment of birds to England proves successful," says Mr. Zuercher, who has already sent eggs overland for distances of 2,500 and 3,000 miles, "acclimatized species of other game birds such as grouse and wild turkey, all hardier than the Old World strain, will be sent to the British Isles."



## Practical Discussions

(Continued from page 5)

Two brood sows are usually kept, and their litters fattened to 200 lbs. or over by the last of August and February of each year . . . to avoid the heavy runs later. I also have over 20 registered ewes. Some of the lambs are sold for breeding purposes, while others are marketed for slaughter.

This year we have left 5 acres of alsike, 3 acres of alfalfa and 10 acres of red clover for seed. The red clover flowered early and we began cutting it June 15, so as to give the second crop a better opportunity to grow and produce seed. I have a special mill for cleaning seed and sell most of it to neighbors at a dollar per bushel more than the seedsmen will pay.

We have 11 acres of fall wheat that is looking well, also 5 acres of Erban oats and 5 acres of Nobarb barley, which will go for seed. We have no silo and do not want one. Instead we grow some mangels, turnips and soy beans, along with mixed hay, alfalfa and some sweet clover. Besides these soil-building legumes, we make a lot of manure and sow fertilizer, which pays well, in my experience. All wet spots are tile-drained.

With favorable weather, we grow good crops, but are never crowded with work, having leisure to attend ball games and other gatherings. My system of farming may not be as profitable as some specialists', but it suits me; I manage to make a living and we are not slaves.

Durham Co. OLD TIMER.

Editor's Note—We question whether those advocating specialized farming believe that farmers should necessarily concentrate on one or two lines. Rather are they thinking of the way in which some particular line is handled . . . if we interpreted their meaning correctly. For instance, "Old Timer" caters to the local demand for clover seed. By keeping his land free of weeds and using special cleaning equipment, he is apparently producing a quality of seed that people want, and thereby securing a higher price than he could obtain for "ordinary" seed grown on land just ordinarily clean and run through an ordinary mill in the ordinary way. We would say that he specialized in seed production. And the same in hogs. Timing his farrowings so that the litters will reach market when the runs are comparatively light is, we consider, one form of specialization. In other words, specialization is largely a matter of doing a really good job. We shall be interested in learning whether or not readers agree with our definition, and whether or not they would rate "Old Timer" as a specialist. It is a subject well worth our consideration.

## Wayside Gossip

(Continued from page 4)

highway, north from Woodhill. Glancing into the mirror of our car, we could see little dust behind us . . . just a faint waft of material here and there, as our wheels rolled over spots where the gravel had not been cemented together quite well enough. In general the road had a hard, dust-proof surface.

What a change when we got by the treated section! Our mirror revealed a dense cloud of dust drifting on to somebody's property. We were glad not to be following ourselves.

On the way back, we stopped to ask a few people what they thought of the treated highway that ran past their farms.

"It's a great thing," said Mr. A. W. Fleming of Mono Road. "And the road is getting better all the time. Each annual treatment improves the surface, so that it will soon be like a paved road."

According ot Mr. Alex. Wilson, on the other side of Sand Hill, the road in front of his farm was treated, last year, but not this. "I considered it a fine step, as the treatment laid the dust and hardened the road."

Mr. Carberry's experience with untreated highway has been mentioned. Since clay and calcium chloride were added to the gravel in front of his farm, the dust nuisance has been eliminated. Not only can he now grow hay free of ground gravel, but he finds the road better to travel.

---

India possesses the largest number of cattle of any country in the world, but owing to adverse climatic and economic conditions, the productive value of the cattle industry is not commensurate with its size. The majority of milk cows in India are seriously underfed.

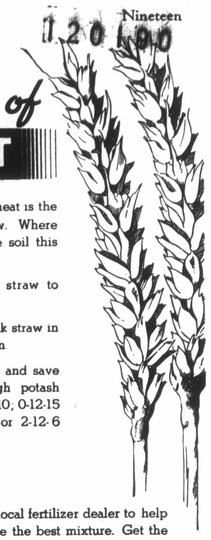
## The Song of the Lazy Farmer



MIRANDY'S all excited, she has put a brand-new shirt on me, and made me wash behind my ears, because this ev'ning, it appears the preacher's comin' out to call. You'd think the heavens sure would fall the way she's scrubbed and cleaned the place, till you can almost see your face the way it shines so spick and span; that preacher must be quite a man to call for all this splurge and fuss when he comes out to dine with us. There's two fat chickens in the pot, when he has et, as like as not, his mind won't be on higher things, but on his stomach-ache, by jings.

At any rate, I allus feel, salvation after a full meal is easier on mortal man, I'll try to stand it if I can. But when that minister begins to lecture me about my sins and name the things I shouldn't do, I know I'll feel when he is thru that I have led a wicked life, and if it wasn't for my wife my future would be black indeed. My virtues all have gone to seed, I'm lucky to be out of jail, on Sunday morning oft I fail to show up at the preachin' place, that's why I lack so much in grace. I try to treat my neighbors right, but often stay too late at night at Deacon Jones's harness store a-swappin' yarns, so more and more Mirandy's give up hope for me, she thinks I'm wicked as can be. Yet when I climb the golden stair and meet St. Peter waitin' there, perhaps he'll say, "How do you do, old feller, I like fishin' too".


## Forestall a sit-down strike of WINTER WHEAT



ONE of the hazards of growing winter wheat is the lodging of the crop due to weak straw. Where there is plenty of available potash in the soil this danger is greatly reduced.

Heavy heads of grain require strong straw to support them.

Low yields, poorly filled kernels and weak straw in winter wheat all point to potash starvation.

You can produce more profitable crops and save labor and trouble by choosing a high potash fertilizer for winter wheat, such as 0-12-10, 0-12-15 or 2-12-10. On very heavy land 0-12-6 or 2-12-6 may be used.

More Potash means More Profit

Ask your local fertilizer dealer to help you choose the best mixture. Get the report of the Ontario Fertilizer Board from your Agricultural Representative.

WRITE US FOR HELPFUL LITERATURE

AMERICAN POTASH INSTITUTE, INC.
17 Main Street East - Hamilton, Canada



Daily use of WRIGLEY'S SPEARMINT CHEWING GUM AFTER EVERY MEAL is fine for teeth




Four delicious flavors—Spearmint, Double Mint, Juicy Fruit and P.K.

Dentists recommend the regular use of Wrigley's Gum—chewing helps keep teeth strong and white, gives them needed exercise. Cleanses by removing food particles remaining between teeth after eating. Aids digestion, assures pleasant breath. *A simple aid to health!* Enjoy it daily—*millions do!*

CS-38



REMEMBER . . . .

to get your copy of this week's Toronto Star Weekly while in town.




### Don't Forget Your Renewal

*Notice was sent recently to all Countryman readers whose renewal subscriptions are due. Your prompt attention will be appreciated. Better look after it RIGHT NOW.*


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

# RECIPE

## For POULTRY PROFITS:

## Feed Your Loafers To Your Layers!



EGG market prospects are full of promise . . . *for the man with eggs to sell.*

Here's an easy way to make sure that you *have* eggs to sell:

Every flock of yearlings has some non-layers . . . loafers that have quit work for the season. They're no asset—as long as they stay in the flock. But they *can* be an asset, if you swap them for good feed to keep the layers laying.

Cull them out. "Cash" them. Turn them into Purina laying mash. Use it to keep your workers working, right through the top-price season.

There are 3 Purina laying feeds . . . Layena, and Lay Chow, and Family Flock Chow. Ask your dealer which one best fits your circumstances.

**IT'S EASY**

**There's nothing difficult or mysterious about culling out non-layers. Just look at the vent. If it's moist, loose and open, she's laying. If it's dry, tight and puckered, she's loafing. If you have the least doubt about how to do it, many Purina dealers are offering to help cull flocks . . . ask your dealer.**

## And for Dairy Dollars:

HOW is your milk flow holding up? What with heat, and flies, and tough, short grass, most herds are sagging badly.

That means that the cheques will be sagging badly, too . . . not just for the present, but for months to come. Because once a cow falls off in her milk, it's mighty hard to bring her back again.

Yet some herds are holding up . . . herds whose owners really realize what their cows are up against, in Summer, and feed them a Purina milking ration (Milk Chow, or 24% Cow Chow-and-chop) plus Purina Bulky-las if they are short of green feed.

Milk Chow, and Cow Chow-and-chop, are real milk-makers. Bulky-las is a real body-builder . . . bulky, palatable, and succulent, taking the place of the dried-up pasture grasses. They're both high in minerals. And they're very attractively priced.

These two feeds together really "do the job"—keeping up the milk flow and the milk cheques, and keeping up the cow. Better speak to your dealer about a supply, today.

**E. E. Bonter & Son, Albury, Ont., are feeding Milk Chow to their good Holstein herd, on pasture. They know it will keep up their milk cheques.**



*"See the Difference Purina Makes"*

**PURINA MILLS**

**Woodstock, Ont.**


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

130102 Sec Pkg 33 ⊄ 21
+ Editorial page 6

# The Canadian Country[illegible]an

Mcouat L C (4088)
Gen Agric Agent
Can Pac Rly
Montreal
Que R Oct 39

Vol. 27, No. 39 TORONTO, SATURDAY, SEPTEMBER 24, 1938 $1 Per Year

CAN. PAC. RY. CO.
GENERAL AGRICULTURAL AGENT
SEP 26 1938
FILE
MONTREAL



*Serial Stories in Weekly Instalments*

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

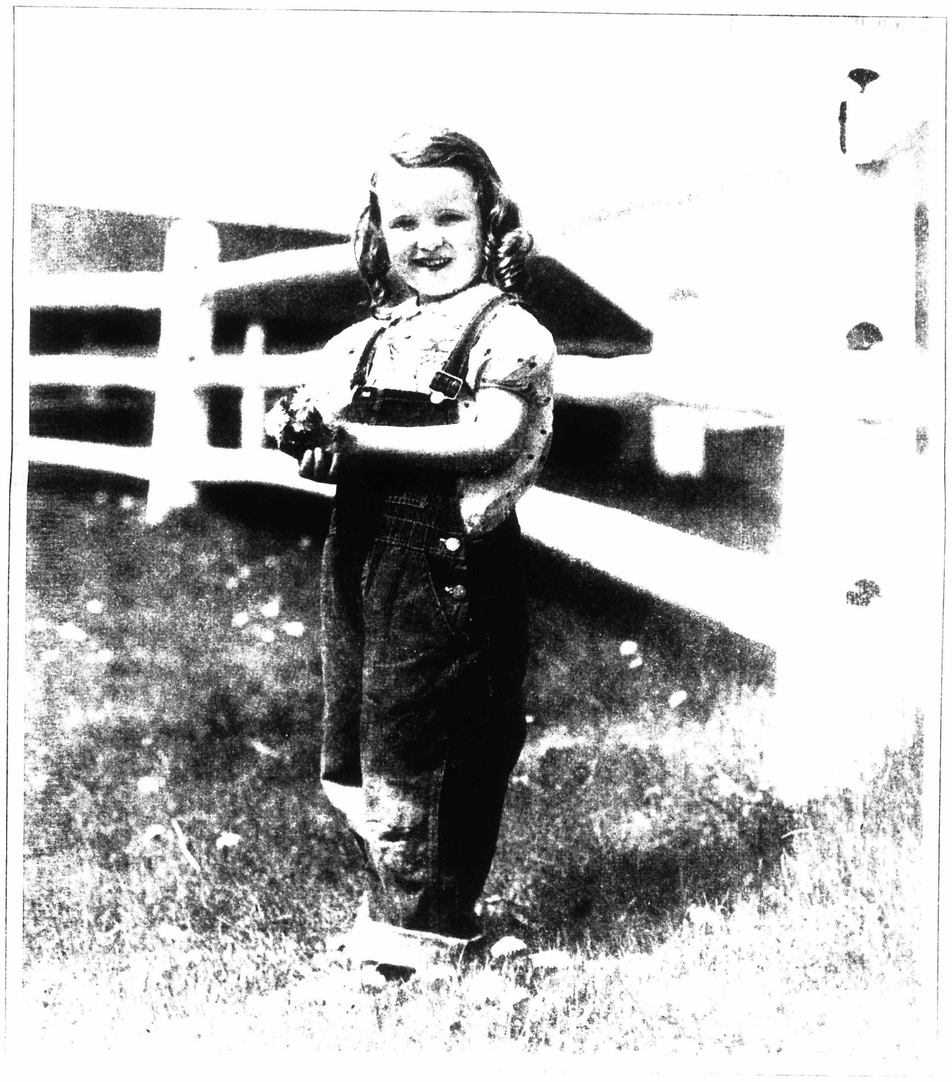
PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120102 See Keys 3 & 21 + Editorial page 6

# The Canadian Countryman

McQuat L C (4082)
(Can Arctic Expdn
(Can Pac Rly
Montreal
Due H Oct 39

Vol. 27, No. 39 TORONTO, SATURDAY, SEPTEMBER 24, 1938 $1 Per Year

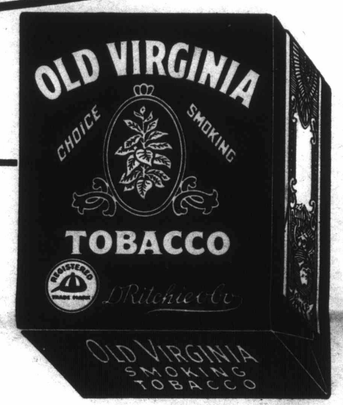


PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA



Use plenty of flame when you light your pipe, and apply it to the whole surface so all the tobacco* will burn evenly. After the first few pulls, press down on the lighted tobacco and continue to draw until the smoke comes in rich fragrant clouds.

*Old Virginia is noted for slow, even burning.




THE FAVOURITE SINCE 1883

10¢ and 15¢ Packages
½ lb. Tin — 65¢

OLD VIRGINIA
Pipe Tobacco

BEWARE OF IMITATIONS—INSIST ON THE GENUINE OLD VIRGINIA


## If Your Renewal is Due

*Readers of Canadian Countryman who have received notice that their renewal subscriptions are due, should see that their renewal orders are sent by the earliest possible mail. Be sure your subscription is paid up so that you will not miss any copies of your Countryman. Subscription rates: $1.00 per year (52 issues); $1.50 for two years (104 issues); $2.00 for three years (156 issues).*


**WORMFIX**
KILLS WORMS
In Poultry—Foxes—Mink—Dogs—Cats and other Pets
without disturbing the digestive organs in the slightest degree. Entirely different, more effective, so easy to use,
Simply given in the drinking water.
No handling of birds or animals, not affected by metal or frost. Wormfix destroys all kinds of worms. Round, Tape, Pin (caecal) lung. If you cut out this advertisement and mail with $1.50 we will send you a regular $1.75 package, enough to make 64 gallons of treated water—or 1 vial, enough to make 16 gals. for 50c.
Write today.
**Blatchford's**
Established in 1900
61-77 PELHAM AVE. - - TORONTO


## Turning Leaves

By Wallace Havelock Robb

THIS Autumn, instead of musing upon blowing leaves and shifting winds and dark and scudding clouds, I had long planned to talk a bit about "Leaf Mould". That was to be one of my special Fall essays—leaf mould. I had meant to delve a little into the poetry of "The Moon of Falling Leaves". I had meant to draw on all my years of harvests and Indian Summers and whirling leaves and whining Blue-Jays and leaves all bunched in a wind-swept corner, and leaves lying flat in the rain, and leaves smouldering in a pile where someone had made a bonfire and the trash of beauty's departed glory wouldn't burn readily, for very spite, let us say, or would it burn? Well, if it did, I can picture those dense clouds of rolling, yellowish-white smoke. I recall the piles and piles of leaves from the soft maples on the dirt-road streets of Belleville, Ontario, when I was a boy. Bonfires all over the place! Sometimes, after school, on a day of no wind, the air would be filled with haze—and a sweet aroma.

Those were the days of muddy streets and springy, plank crossings. One had to know his crossings personally in those days, because, after rain, well, there might be a puddle under the crossing, which causeway through a sea of mud consisted of two or three planks laid lengthwise. So, you see, if the crossing had a muddy hollow under it, and the plank ends went down suddenly, f-f-f-t! up, through the cracks, shot a stream of mud and water! But those times are past, and the streets are paved—and Mayor Bone of Belleville says that the property owners are the people who are paying for it all—and they're the people who know it! But I was a lad in those old days, and the old, dirt roads with grass along the borders seemed pretty nice to me in Autumn, with an endless sea of leaves for a few days, then long piles of leaves, many of them burning at once.

Even in those old days of burning leaves there existed the few, the odd gardener, who didn't burn a leaf, but made huge, not to say vast, piles of leaves in some corner, that they might rot there and turn to leaf mould. But there were plenty of horses, causing readily available and cheap fertilizer, so, nobody cared how much potential leaf mould was turned into smoke.

And, so, I meant to write about leaf mould, but there is a mean wind blowing, blowing up a three-day rain, and, knowing me to be a man of moods, maybe you'll excuse me when I change the subject to "Turning Leaves". I must write as I feel, and I'm not very sure how I feel this morning. Yesterday was Sunday, and the usual peace was upset by intermittent doses of radio searching to hear the latest news about that madman in Germany, Hitler, and possible war. And who can write about leaf mould and peace when there is war in the air? And who can write about anything but war, when war is in the air? And even when one says to himself, "Who am I to plead with fate over a war? How can I and hours of worry or prayer have much effect? I'll try and dismiss it from my mind," one can say it over and over, but one cannot dismiss from thought a possible war when war is in the air.

And, so, the leaves are turning on the trees as I write. I'll maybe write of turning leaves, but, methinks the turning leaves will be merely a poetical way of saying that the whole world is in a state of turning leaves. We are reorganizing Abbey Dawn Grange, so the leaves are turning for us, this Autumn, with a little upheaval all our own. I try to think of how we are improving everything, turning over a new leaf, as it were, when the leaves are turning, but, confound that idiot in Germany—the leaves are turning over there, too, and what of it?

---

For many years there have been regular movements of oats from Canada to Switzerland, principally for army requirements.


**Mark the Dates**
for the 17th year of
**ROYAL WINTER FAIR**

The most extensive and varied agricultural show held anywhere. Successful farmers from Canada, the United States and overseas attend year after year to see, learn and exchange new ideas. Every phase devoted to the interests of agriculture—25 acres under cover housing a mine of valuable information.

**8 Wonderful Days**
**NOVEMBER 15-23**

Something different every day. Horse, cattle, sheep, swine, poultry shows. Seed and grain exhibits. Flower and frutt shows. Many special attractions.

*Entries Close October 22*

Reduced Rail Fares from all points

**ROYAL COLISEUM TORONTO**

Gordon F. Perry, President.
For information write
W. A. Dryden, Manager,
217 Bay St., Toronto

**SAVE MONEY**
ON YOUR METAL ROOFING



WRITE NOW
Send ridge and rafter measurements or area to be roofed, patched or repaired—for FREE estimate. Council Standard "Tite-Lap" metal roofing is a sound, permanent investment. Absolutely weathertight. Greatly reduces fire hazard.
SOLD ON A 25 YEAR GUARANTEE
Prices this Fall are lower because of Sales Tax exemption. Save money by writing today. Manufacturers also of famous Preston Steel Truss Barns and Jamesway Poultry equipment. Address: 7 Guelph St., Preston, Ont.
Eastern Steel Products Limited
PRESTON ONT. MONTREAL TORONTO

**REMEMBER....**
to get your copy of this week's Toronto Star Weekly while in town.






# Unions and Agriculture

## Officer of Brotherhood of Railway Carmen of America Criticizes Hector O. Payne's Article — Mr. Payne's Reply

Editor, Canadian Countryman:—

Referring to an article by Mr. H. O. Payne in the July 23, 1938, issue of the "Canadian Countryman" claiming that labor unions and labor leaders are in effect "big bad wolves", are a curse to farmers and the country, etc., etc., I want to point out that this is just a lot of foolish, misleading propaganda being used to create friction and ill-feeling between the wealth producers on the land and the wealth producers in industry. Mr. Payne is just playing the same old game of "Divide and Conquer"—keep the producers divided and fighting amongst themselves so that the financial manipulators and money changers can continue getting away with the spoils, exploiting both farmers and industrial workers. If Mr. Payne's long working hours and starvation wage ideas are sound, then China should have the highest standard of living and be the most prosperous country in the world. The facts are that reducing the standard of living of industrial workers will certainly not benefit farmers but will just have the opposite effect. The only solution for the farmers' difficulties is a greatly increased standard of living for all by balancing the productive powers of the people, demanding that the producers get a fair share of the wealth they produce and increasing their purchasing power so that consumption of wealth by the masses will balance their producing ability. There is no justification for poverty amidst plenty. Human rights should have precedence over private profits or the "wages of money".

Unfortunately for the industrial workers and for Canada, only about 25 per cent of workers in industry are organized. There is very little, if any, organizations of workers in the industries which directly affect the farmers, such as farm machinery manufacturing, meat processing, vegetable canning, etc. The workers in these industries are generally exploited as much, or worse, than the farmers. If the workers in all industries were organized into responsible labor unions and securing a decent Canadian standard of living, with security of employment, the farmers and the country as a whole would be benefited and life made more worth while.

Wages of workers in most all industries are only a fraction of the total cost to the consumers. If the farmer could purchase his farm machinery, household effects, motor cars, shoes, clothing, etc., from the manufacturer at cost, the purchases could be made at about one-half the present prices. In most industries wages are less than 30 per cent of the cost to the consumer. Suppose, for example, that wage slaves in industry agreed to cut their present wages in half, and suppose all this saving was passed along to the consumer (which is very doubtful), retail prices would come down 15 per cent or less. Industrial workers' purchasing power would be cut 50 per cent, the 15 per cent cut in retail prices would still leave them a net loss in purchasing power of 35 per cent. Would this cut in purchasing power of the industrial workers benefit the farmer? It would simply reduce his home market to that extent—Mr. Payne cannot fool all the people all the time.

Regarding labor costs, increased efficiency and productivity of industrial labor. Let us look at this situation in the much abused railway industry. Taking 1920 as an example when farmers and most people were fairly prosperous. The efficiency and productivity of railway labor has increased more than 32 per cent since 1920—two railway employees are now handling more ton miles of revenue freight and giving more railway service than three did in 1920. Over 70 per cent of railway employees, including railway officials, receive less than $125.00 per month. Surely even Mr. Payne would not care to see respectable Canadian citizens trying to raise families and exist in cities, paying property taxes in most cases even higher than is paid on most farms, doing such responsible work as is needed today on railways and the great bulk of them exist on less than $125.00 per month.

With all due respect to Mr. Payne, his knowledge of labor conditions on railways seem to be just as incorrect as his other statements affecting industrial workers. The "closed shop" does not exist on the railways. Membership in the unions is voluntary, railway employees join and remain in the unions of their own free will and accord. The unions are democratic 100 per cent. However, railway employees are sufficiently intelligent to know that it is in their interests to belong to responsible labor unions. Railway unions have not just developed in recent years, they had been functioning in a constructive and democratic way for more than fifty years. Mr. Payne is also wrong with regards the unions preventing staff reductions, when there is not sufficient traffic to justify running a train, the train crew get no pay. Immediately there is not sufficient business to justify retaining workers in other branches of railway service they are automatically laid off. The proof of the pudding is in the eating thereof, approximately one-third of railway employees are now laid off. Responsible labor unions are a constructive force functioning in the interests of wealth producers. Recently the Premier of Canada thanked a large delegation of representatives of labor unions for their active co-operation with the Government in dealing with industrial conditions in Canada during the trying years of depression. Union officers and members compare very favorably with any other class of citizens.

**IN our issue of July 23 we published an article by Mr. Hector O. Payne of Billings Bridge, Ont., headed "Unions and Agriculture". We thought it a very fine article. It dealt with the economic position of agriculture and pointed out that the high wage rates which are being demanded by organized labor reduces the purchasing power of farmers and results in unemployment. In our opinion it was one of the best articles we have ever published. Mr. J. Corbett, General Chairman of the Brotherhood Railway Carmen of America, thinks otherwise. In fact he does not agree with Mr. Payne's views at all. We are publishing Mr. Corbett's letter on this page and Mr. Payne's reply to it.**

However, we can agree with one of Mr. Payne's statements with regards the wealth producers supplying the needs of Canada, including vast supplies of food and war munitions during the Great War when nearly a half million of Canada's best citizens were taken out of productive and placed in destructive duties (War). Organized labor claims that with all the technological improvements in machinery, etc., during the past twenty years, farmers and industrial workers can now provide a much higher standard of living for all by working only a reasonable number of hours. Work, not money, creates all wealth. If workers can produce for war they can produce for peace, with the workers getting the benefit.

Farmers should not take too seriously Mr. Payne's statements regarding alleged short working hours in industry. In all too many industries the hours worked are far too long. Organized labor favors a reduction in working hours so that all may have an opportunity of useful employment with an adequate standard of living. However, even with an eight-hour work day the city worker on the average takes at least three-quarters of an hour morning and evening to get to and from work, this with an hour for lunch takes him away from home 10½ hours per day. The average industrial worker takes some pride in his home, spending considerable time keeping his lawns, garden, flowers, etc., in good condition. Then there are always odd jobs to do to keep the home in good repair. After taking all these conditions into consideration, realizing that if the industrial worker is off work for sickness, weather, break down in machinery, unemployment, etc., he gets no pay, he has no security. Short hours and supposed "high" wages are not what Mr. Payne would have the farmers believe.

Propaganda used to stir up strife between farmers and industrial workers is the same kind of poison that is used to create bitterness and war between nations. Fortunately increasing numbers of farmers are thinking for themselves. They realize that wealth producers on the land and in industry are all in the same boat, are all being exploited by the same manipulators. The sooner farmers and industrial workers get together as friends working for a common cause—justice and a square deal for all—take control away from the exploiters by peaceful and democratic methods, the better it will be for all concerned.—J. Corbett, General Chairman, Brotherhood Railway Carmen of America.

*Mr. Payne's Reply*

I have read Mr. Corbett's article with a great deal of interest. My conclusion that some labor unions are a curse not only to the country at large but especially to its own members is also the firm conviction of those most qualified to know, namely, 85 per cent of the former members of unions in the American steel mills, who have not paid their dues. These men know that some unions are a racket, fostered by men with a gift of the gab and an aversion for work, men who haven't the slightest idea why the wheels go around, men whose only qualification for leadership is the fact they can bludgeon the middleman (the capitalist) into attempting to collect higher wages from the consumer. Of course it is very convenient for labor leaders to forget the untold millions of dollars that their members lost during last summer's strikes as a direct result of their leader's actions. An unsatisfied demand of today for either goods or services is not filled tomorrow. If a man goes hungry or ragged for a time he does not, when he is financially able, eat twice as much or wear two shirts. Those six weeks of strike wages are gone, gone forever.

My game is not Divide and Conquer, but Supply and Demand, a law which controls human

(Continued on page 21)




*Parade of 600 Junior Farmers and members of Homemaking clubs who took part in Junior competitions at the C.N.E. The boys and girls marched through the grounds headed by the Kiltie Band of the 75th Toronto Scottish Regiment. In the foreground leading the parade from left to right are: W. A. Dryden, Director; George Brigden, President of the Canadian National Exhibition; Hon. P. M. Dewan, Ontario Minister of Agriculture; and R. S. Duncan, Director of Agricultural Representatives, who was in charge of Junior Farmer competitions. In the second row, just behind Mr. Dryden, is W. R. Reek, Deputy Minister of Agriculture for Ontario.*

- Jump to 6 -

Page two Page 6.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

# ANOTHER SUCCESSFUL WESTERN FAIR

DIRECTORS of the seventy-one-year-old Western Fair looked cheerful as we took our leave on Thursday of last week, following the conclusion of the live stock judging. And they had more than one reason. Since the weather hazard makes finances an ever-present problem for fair boards, the men behind the big exhibition at London, Ont., had cause to feel pleased about the rate at which the turnstiles were clicking during the fore part of the week. With the weather favorable, and no epidemic to keep away the children, attendance figures marked up daily gains over 1937, and more people turned out on Wednesday, Farmers' Day, than in either of the past two years.

Directors' second reason for satisfaction was the fine display of live stock. The showing of heavy horses was the best for some time, with the heavy draught teams again an attractive feature. In beef cattle the Hereford entry proved relatively strong While Shorthorn and Aberdeen-Angus numbers registered a drop, splendid representatives of these breeds were out. The dairy cattle were all up to average, Holsteins again being out in strength, Ayrshires showing an increase and Jersey breeders contributing a very fair exhibit. There was a fine swine show, while the sheep men rather excelled themselvs, having more than 500 entries. The display of fruit, grain and vegetables was considerably better than usual, with the entry big and quality good.

The Confederation and Manufacturers' Buildings were reasonably well filled. Educational exhibits arranged by different departments of the University of Western Ontario attracted a great deal of attention, as did the exhibits of Byron Sanitarium and the Experimental Farms. The Junior section was rated as the best ever.

**Clydesdales**

Judge—W. F. Batty.

Awards—Brood mare with foal by her side: 1, Valley Crest Farms Ltd., Oakville, on East Kirkland Blossom; 2, J. E. Falconer, Petrolia, on Marry Maid; 3, James G. Calder, Thamesford, on Flossie Dale; 4, A. Archibald, St. Thomas, on Dunmore Betty.

Foal of 1938: 1, Falconer; 2, Valley Crest Farms, on Valley Crest Trademark; 3, Calder, on Rock; 4, Archibald, on Dunmore Betty's Foal.

Filly, 1 year old: 1, Valley Crest Farms, on Toors Ophelia; 2, Wm. J. Dale, Clinton, on Pleasant View Lady.

Filly, 2 years old: 1, Valley Crest Farms, on Torrs Scottish Queen; 2, Archie D. MacFarlane, Camlachie, on Peggy Footman; 3, Vernon Morley, Norwich, on Molly Baron; 4, R. J. Scott, Cromarty, on Cresent Jean; 5, Falconer, on Maids Charm.

Filly, 3 years old: 1, McFarlane, on Jennie Footman; 2, Falconer, on Ruby Entrance; 3, Hon. M. F. Hepburn, St. Thomas, on Bessie of Kinnaird; 4, Duncan Johnson, Crinnan, on Augustine Footman; 5, John Hogg, Thamesford, on Polly Dundee.

Stallion, 1 year old: 1, Nelson Wagg, Claremont, on Torr's Research; 2 and 4, Falconer, on Silver Stamp and Coronation; 3, Brandon Bros., Forest, on Forest Realisation; 5, T. J. McMichael, Seaforth, on Donald Moncur.

Stallion, 2 years old: 1, Wagg, on Torr's Consul; 2, Valley Crest Farms, on Torrs Premier; 3 and 4, Falconer, on The Brave Scot and The President; 5, McMichael, on Flowerprint Supreme.

Stallion, 3 years old: 1, Wagg, on Torr's Regent; 2, Brandon, on Majestic Footman; 3, Calder, on Entrance Supreme 3rd.

Stallion, 4 years old and upwards: 7, John C. Henderson, London, on Arnieve.

Get of sire: 1, Brandon Bros.; 2, R. J. Scott; 3 and 4, J. E. Falconer; 5, Wm. J. Dale.

Progeny of dam: 1, Brandon; 2 and 3, Falconer; 4, Dale; 5, Hogg.

Stallion, any age: Nelson Wagg, on Torrs Transformer.

Mare, any age: Valley Crest Farm, on Torr's Scottish Queen.

Mare, Canadian-bred, any age: 1 and 5, Falconer, on Merry Maid and Winsome Lass; 2 and 3, McFarlane, on Jennie Footman and Peggy Footman; 4, Morley, on Molly Baron.

Grand Championship Ribbon for best Clydesdale stallion: Nelson Wagg, on Torrs Transformer.

Grand Championship Ribbon for best Clydesdale Female: Valley Crest Farm, on Torr's Scottish Queen.

**Percherons**

Judge—Dr. J. Hassard.

Awards—Brood mare, with foal by side: 1 and 2, Thos. F. Hardy, Melbourne, Ont., on Roxanna Lady and Minnie B.; 3, Haas Bros., Paris, on Fairview Monarch Beauty.

Foal of 1938: 1, Haas, on Koncarness Belle; 2 and 3, Hardy, on Irevotation and Mac Laet.

Filly, 1 year old: 1, Hardy, on Queen; 2, R. S. O'Neil, London, on Silver Lady.

Filly, 2 years: 1, Haas, on Babe Laet; 2, Hon. M. F. Hepburn, St. Thomas, on Lady Belle.

Mare, 3 years: 1, Hardy, on Crystal; 2, Hepburn, on Dean's Gem.

Stallion, 1 year: 1, Ray Lupton, Embro, on Coronation College Monarch; 2, Archie Pedden, Strathroy, on Don Bisique; 3 and 5, Hardy, on Prince and Marquis 2nd; 4, O'Neil, on Lincoln.

Stallion, 2 years: 1, Dan Goodbrand, Paris, on Laet's Emblem; 2, Dawes Brewery, Montreal, Que., on Mel Laet; 3 Pine Ridge Stables, London, on Orpheus.

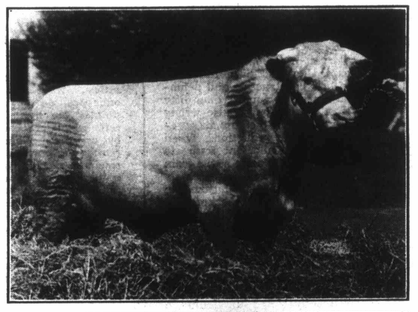
Stallion, 3 years: 1, Pedden, on Dixey Degas; 2 and 3, Dawes Brewery, on Laeteur and Woodsire Superior.

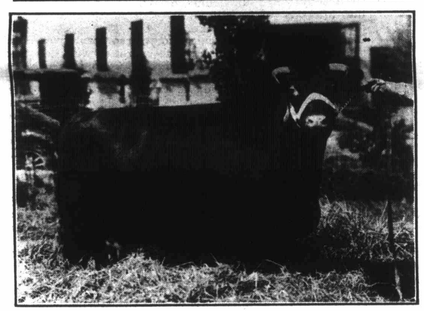
Stallion, aged: 1, Dawes Brewery, on Mel Laet 3rd; 2, Haas, on Refiner.

Get of sire, 3 animals: 1, Hardy. Progeny of dam, 2 animals: 1, Dawes Brewery; 2 and 3, Hardy.

Best Stallion: Archie Pedden, on Dixey Degas.

Best Mare: Thos. Hardy, on Roxanna Lady.





*Klaymor Royal and Glenburn Clara 6th, senior and grand champion male and female Shorthorns at the C.N.E. for Col. F. H. Deacon, Unionville, Ont.*

Gelding or mare, 3 years: 1, Kent; 2, Thos. F. Hardy, Melbourne; 3, Springside Farm.

**Heavy Draughts**

Judge—W. F. Batty.

Awards—Brood mare, with foal by her side: 1, Vernon Morley, Norwich; 2, E. J. Atwell, Belton; 3, Warren Brock, Granton.

Foal of 1938: 1, Brock; 2, Morley; 3, James G. Calder, Thamesford.

Gelding or mare, 1 year: 1, Brock; 2, Morley.

Gelding or mare, 2 years: 1, Brandon Bros., Forest; 2, Calder; 3, Brock.

Gelding or mare, 3 years: 1, Grant Summers & Son, Aylmer; 2 and 3, R. J. Scott, Cromarty; 4, Carman B. Mathews, Camlachie.

Gelding or Mare, 4 years and over, under 1,500 pounds: 1, Wm. J. Dale, Clinton.

Gelding or mare, 4 years and over, 1,500 to 1,600 pounds: 1, Hon.. M. F. Hepburn, St. Thomas; 2 and 5, Brandon Bros.; 3, Niles C. Shantz, Plattsville; 4, J. E. Falconer, Petrolia.

Gelding or mare, 4 years and over, over 1,600 pounds: 1, Summers; 2 and 4, Jas Scott, Cromarty; 3 and 5, Brandon.

Pair, over 3,200 pounds: 1, Summers; 2, Jas. Scott; 3, Brandon; 4, Falconer.

Pair, 3,000 to 3,200 pounds: 1, R. J. Scott; 2, Hepburn; 3, Brandon; 4, Falconer.

**Shorthorns**

Judge—Ken. Deacon.

Awards—Bull, aged: 1, Wm. Waldie, Stratford, on Rigfoot Captain; 2, John Gardhouse & Sons, Weston, an Princeton Publican; 3, W. E. Parker & Sons, Watford, on Glenburn Afterguard.

Bull, 2 years: 1, Gardhouse, on Roland.

Bull, senior yearling: 1 and 2, Jas. Douglas & Sons, Caledonia, on Browndale Brawith Boy and Brawith Monarch; 3, Gardhouse, on Aberfeldy Archer.

Bull, summer yearling: 1, Parker, on Sunnyhill Crusader 5; 2, Gardhouse, on Aberfeldy Acme.

Bull, senior calf: 1 and 3, Gardhouse, on Rosewood's Success and Nanpareil Lord; 2, Parker, on Sunnyhill Crusader 4; 4, Waldie, on Athelstane Seal.

Bull, junior calf; 1, 2 and 4, Douglas, on Browndale Air Marshall, Brawith Nugget and Bugler's Flash; 3, Gardhouse, on Aberfeldy Breaker; 5, Parker, on Sunnyhill Resolution; 6, Waldie, on Athelstane Major.

Cow, aged, in milk, with own calf at foot: 1, Gardhouse, on Jealousy Actress.

Heifer, 2 years: 1, Parker, on Leeland Victoria 8th; 2 and 4, Waldie, on Athelstane Princess Royal 25 and Athelstane Fanny B 12; 3, Douglas, on Browndale Carnation 10; 5, Gardhouse, on Augusta Bloom.

Heifer, senior yearling: 1 and 3, Gardhouse, on Queen O'Butterflies 2nd and Gay Lass 2nd; 2, Douglas, on Browndale Myrtle 6th; 4, Parker, on Leeland Red Lady 21; 5, Waldie, on Lady Ythan.

Heifer, junior yearling: 1 and 3, Douglas, on Brawith Jilt 2nd and Browndale Myrtle 7th; 2, Gardhouse, on Princess Averne; 4, Waldie, on Athelstane Rosewood 39.

Heifer, summer yearling: 1, Gardhouse, on Rosebud Camelia; 2, 4 and 5, Parker, on Sunnyhill Broadhooks 4th, Sunnyhill Rose Maid and Silver Rose 7; 3, Douglas, on Browndale Beauty 5th.

Heifer, senior calf: 1 and 3, Douglas, on Brawith Clipper and Lady Rosewood 28; 2, 5 and 7, Gardhouse, on Rosebud Sultana, Rosewood Diamond and Jealousy Countess; 4, Parker, on Sunnyhill May Lancaster 4th; 6, Waldie, on Rosewood Pearl.

Heifer, junior calf: 1 and 3, Douglas, on Brawith Missie 2nd and Morning Blossom 29th; 2, Gardhouse, on Cecilia Rose; 4, Parker, on Sunnyhill Rosewood 5; 5, Waldie, on Athelstane Jilt 7th; 6, Ernest Carruthers, Melbourne, on Jealousy Lady 9th.

Get of sire, 3 animals: 1 and 3, Douglas; 2 and 5, Gardhouse; 4, Parker; 6, Waldie.

Progeny of dam, 2 animals: 1 and 4, Gardhouse; 2 and 3, Douglas; 5, Waldie; 6, Parker.

Four calves: 1, Douglas; 2, Gardhouse; 3, Parker.

Graded herd: 1, Douglas; 2, Gardhouse; 3, Waldie; 4, Parker.

Junior herd: 1, Douglas; 2, Gardhouse; 3, Parker.

Senior and Grand Champion Bull: Jas. Douglas & Sons, on Browndale Brawith Boy. Reserve Senior and Reserve Grand: Wm. Waldie, on Rigfoot Captain.

Junior Champion Bull: Jas. Douglas & Sons, on Browndale Air Marshall. Reserve: John Gardhouse & Sons, on Rosewood's Success.

Senior and Grand Champion Female: John Gardhouse & Sons, on Rosie O'Grady. Reserve Senior: W. E. Parker & Sons, on Leeland Victoria.

Junior and Reserve Grand Champion Female: Jas.

(*Continued on page 17*)

**Belgians**

Judge—Dr. J. Hassard.

Awards—Brood mare, with foal: 1, Haas Bros., Paris, on Carmen Princess. Foal of 1938: 1, Haas, on Princess Margaret Rose. Filly, 3 years and under; 1 and 2, Haas, on Shirley Supreme and Princess Elizabeth.

Stallion, 3 years and under: 1, Haas, on Omar Vanlanddeghen. Stallion, 4 years and up: 1 and 2, Haas, on West Point Supreme and Kenfleur's Captain Farceur.

Best Stallion: Haas, on Omar Vanlanddeghen.

Best Mare: Haas, on Shirley Supreme.

**Agricultural Horses**

Judge—Dr. J. Hassard.

Awards—Single in harness, 4 years up: 1, E. J. Atwell, Belton; 2 and 3, J. W. Brown, St. Mary's.

Team in harness, 4 years up: 1, Brown; 2, Atwell.

Gelding or mare 3 years: 1, Atwell; 2, Nile C. Shantz, Plattsville.

Gelding or mare, 2 years: 1, Shantz; 2, Brock Warren, Granton; 3, Vernon Morley, Norwich.

**Express or Delivery Horses**

Judge—Dr. J. Hassard.

Awards—Single in harness 4 years and up: 1 and 2, Springside Farm, St. George; 3, C. W. Kent, Embro.

Team in harness, 4 years and up: 1, Springside Farm; 2, Kent; 3, Cosgraves Brewery, Toronto.



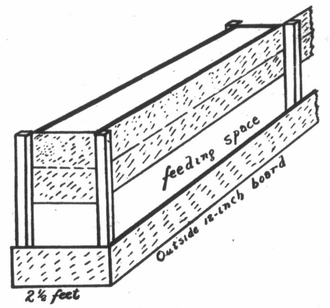
# Practical Discussions by Practical Farmers

## Feeding Western Lambs

I NOTICED in the Countryman where a reader was asking about making profits on lambs. In the late fall I have a bunch of lambs shipped to me from the West. They are small and don't cost much money. As soon as I get them I put them in a pen adjoining the barn.

It is important to supply grain at the start, but if lambs are allowed too much corn at the beginning they may gorge themselves. I eliminated this by getting a hammer mill and running all feed properly balanced through it.

I used to put the corn in troughs and the hay in racks and let the lambs help themselves, but this did not work well. Some would eat nothing but hay and many would eat too much corn, and so many died.




But since buying the hammer mill the lambs get the feed they need, not the feed they like.

Grinding makes the feed more palatable and encourages the lambs to eat more. Ground feed is also more quickly, more easily and more completely digested, and the grinding saves feed. Waste takes the profit out of lamb-feeding.

I am sending a picture of a feeding rack for lambs which saves half the waste formerly experienced. The 2 x 6 posts are first set on top of the ground, about 2 feet, 6 inches apart one way and 6 feet the other. A 12-inch board is nailed on the outside at the bottom of these posts all the way around. About 10 inches above this, other boards are nailed all the way around but on the inside of the posts. With this type of rack the lambs reach down for the roughage instead of up, so none is wasted.

The rack should not be more than 2½ feet wide so the lambs can reach to the centre from each side. I make my racks 18 feet long with posts set on the ground so they can be moved to one side when cleaning the pen. I have plenty of these racks and I never allow them to become empty because it requires less feed to fatten a lamb when it is self-fed. A lamb fed well one day and neglected the next will not put on weight, but often loses weight.

Always keep a supply of clean fresh water and salt in front of them. For mineral mixture I use 1 part ground limestone mixed with 2 parts salt. Limestone is not only a builder of bone but prevents the lambs from getting too much salt at the start and so keeps them from going off feed. When these lambs become fat they command a good price.

Middlesex Co. J. D. L.

## Offensive Odor in Cistern

I READ with great interest your "Discussions" from week to week and wondered if I, too, might get some help with a problem that seems quite important to me. Our soft-water cistern—a large cement one—has developed a very disagreeable odor, making the water almost unfit to use. I have heard a number of others complain of the same trouble, but have not heard of any real remedy. We cleaned ours thoroughly last year but it was not long till it was as bad as ever. If any one knows of any remedy would they please let us have it?

Grey Co. GREY BIRD.

## Advises Resting Land and Green Manuring

IN your valuable paper we have been reading considerable about nematode damage. With many farmers, I am sure, it will serve as an excuse for the results of poor management.

It is quite possible that there is need for looking out for the pest, but as for being a plague, I don't believe in it. For decades now we have been taking more away from our soil than we have returned to it. How can we expect the soil to remain as fertile as it was?

It is impossible for any farmer with 100 acres to rest 20 of them each year, but until we start a program such as this we are going to keep ourselves poor buying fertilizer to maintain our crop yields.

It is a characteristic of this century that with steadily increasing expenses (taxes, machinery, luxuries) the farmer is faced with steadily decreasing yields or income. The situation is mainly an economic one. Where to start to correct it is a very difficult thing to say, but in my opinion the remedy for most of the problems facing the farmer is this—reduce his inescapable expenses to a level where he can take his living off 80% of his land, restoring the rest with green manure, etc., over a period of years so that he is more able to meet his remaining expenses from increased crop yields. Certainly then the soil would be more fertile, the farmer would be happier and, I think, nematodes would be forgotten.

I am looking forward to reading your article on nematodes and soil fertility, probably learning something I didn't know before.

Durham Co. A. H.

## Cistern and Lambs

*One of our readers is experiencing trouble with a cistern and would appreciate suggestions from anyone who has overcome a condition of this nature. . . . We would also like to learn the experience of other farmers who have fed Western lambs. Do they make a reasonably satisfactory feeding proposition? Since many of the lambs fed in Ontario lacked sufficient finish this past year, we would appreciate readers stating as definitely as possible the kind and amount of grain, supplementary concentrates, hay and other feed given. Mention any changes in ration from time to time.*

## No Use Conserving Fertility to Grow Weeds

I DO not entirely agree with "Fertility Lover" in his contentions that our crops are not as good as they used to be. It is many years since this district harvested as good crops as this year and never in my recollection have two succeeding years been as good as the last two. Three years ago, of course, we had a drouth, but even then the good farmers who practise summer cultivation had good crops. The dim, distant past looks very rosy to some people while the future does to others.



*George Wilson, formerly Manager of the Norfolk Fruit Growers' Association, who has been appointed Director of the Co-operative and Markets Branch, Ontario Department of Agriculture.*

While I doubt whether there is too much plowing done, I believe there is too much plowing at the wrong time of year. Practically all the plowing on this farm is done between July 1 and August 10. After that I think it is too late to plow. I agree that the practice of growing spring grain and plowing in September and October, possibly skimming in September and plowing deeper later, is wrong. We seed down practically all our spring grain. If for some reason a field is not in fit shape to be seeded, we sow early grain which will be harvested by the first of August and then we use a one-way disc on the stubble at once.

If summer-worked land is clean and intended for corn and roots next year, we can sow fall rye which will give us some pasture in the fall and again in the spring, besides helping to prevent erosion and loss of nitrates. If the land is dirty, we ridge it up in the late fall. Fields that are naturally washy, we try to get seeded down to alfalfa mixtures and leave them for several years in sod.

I do think that most Ontario farmers grow too much spring grain and so perhaps do too much late fall plowing, but the man who thinks he can grow spring grain with spring plowing, never had to contend with quack grass and sow thistle. These weeds grow best in fertile soils and cannot be controlled except by summer plowing. There is no use conserving fertility to grow weeds.

The value of power equipment is greater in the summer than it is in the spring as there are usually some wet spots in a field that will be puddled by being worked before they are properly dry.

Oxford Co. DAIRYMAN.

## Climbing the Icy Mountain

I AM a young farmer's wife, married in the first years of the depression. I am a reader of the Canadian Countryman and enjoy its comics, Women's pages and especially the Practical Discussions.

I read among the Practical Discussions an article written by one who signed himself "Looking Ahead". I thought what a wonderful young man to look ahead, when so many are looking behind rather than for the future . . . with the consequence that many are on relief.

Farming for the young people is a rather hard pull these days, with high taxes, rent and all the other debts too numerous to mention that go with farming. Farming is like a big icy mountain and ambitious young people who are trying to climb up the mountain find that when they are part way up, the Money Man who sits on top with a long pole, pushes them back down to the bottom, so they have to make a fresh start.

The Money Man had his start, maybe he farmed at one time, when prices were high, taxes low and other things in comparison. Maybe he had a father to start him up, and give him a shove up the mountain when he fell back. But what about the poor young man today whose father has passed to the Great Beyond, and who is struggling to make an honest living off the farm, and stay off relief?

The older person says: Why don't more young people farm? Young people cannot make enough money to make a payment on a farm. The price of pigs is unsteady, also milk. There is no set price for farm products . . . prices are always rising or falling, but mostly falling.

The Money Man owns the farm. He doesn't like farm mortgages, and would rather invest in stocks and bonds. The consequence is that the young farmer cannot climb the icy mountain but is kept down at the bottom.

However, may I add in closing that all we can do is, "Keep Looking Ahead" and try to smile.

Frontenac Co. POLLY ANN.

## One Person Should Handle Hens

THE requirements for high production in winter are first of all, chickens from a bred-to-lay strain properly raised from the time they are hatched to maturity. Then they must be properly cared for. When buying chicks one should order them early for delivery early in March, so they will be ready to lay early in the fall when older hens are moulting.

It costs no more to raise good chicks than it costs to raise the cheap ones, and it is a waste of time and money to try to make good layers out of poor chicks. Good chicks from blood-tested, government-approved flocks are by far the best investment. The initial cost may be a little more but it pays to get the best, since it is to the well-filled egg baskets that we look for returns from all our work and outlay.

(*Continued on page 22*)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

# The Canadian Countryman

A WEEKLY MAGAZINE for progressive farmers, published every Saturday by the Canadian Countryman Publishing Company, Limited.

T. J. Tobin.....Manager
Daniel McKee.....Editor
George B. Hood.....Associate Editor
Helena M. McKee.....Editor Home Department

SUBSCRIPTION PRICE: Canada and Great Britain, $1.00 per year, in advance; United States and foreign countries, $1.00 per year, in advance, plus postage. Renewals should be signed in the name, including initials, which appears on the address label to prevent duplication. Subscribers in ordering change of address should give old as well as new P.O. address.

ADVERTISING RATES: 55 cents per line, agate flat. Live stock advertising rates on application. Notice to discontinue an advertisement and all changes in copy must be received twelve (12) days prior to date of publication. Canadian Countryman is a member of the Audit Bureau of Circulations. Copies of A.B.C. statements and audits available on request.

QUESTIONS ANSWERED: Questions will be answered for subscribers on any subject pertaining to agriculture. When sending in questions the full name and address must be given. All enquiries will be answered as promptly as possible, either through the paper or by mail. When a personal answer is desired, postage should be enclosed.

CORRESPONDENCE IS INVITED on all points bearing on agriculture, live stock, new grains, grasses or vegetables, experiments, handy devices, etc.; in fact, anything that is helpful and practical will be welcome. Write on one side of the sheet only. Manuscript not accepted will be returned promptly if postage is sent. Address all letters to

THE CANADIAN COUNTRYMAN,
204 Richmond St. W., Toronto 2, Canada
Member Agricultural Press Association.
Member Audit Bureau of Circulations.

VOL. XXVII. Toronto, September 24, 1938. No. 39.


## Facts Which Mr. Corbett Ignores

ON page three of this issue there is a discussion by Mr. Corbett, General Chairman of the Brotherhood of Railway Carmen of America, and Mr. Payne, one of our subscribers, in regard to the relationship between trade unions and agriculture. We have indicated that the facts are all on Mr. Payne's side of the argument, but there are certain statements made by Mr. Corbett which we cannot allow to go unchallenged.

Mr. Corbett accuses Mr. Payne of trying to keep farm producers and urban producers apart "and fighting among themselves so that the financial manipulators and money changers can continue getting away with the spoils, exploiting both farmers and industrial workers". Then he concludes his letter by saying: "Fortunately increasing numbers of farmers are thinking for themselves. They realize that wealth producers on the land and in industry are all in the same boat, are all being exploited by the same manipulators. The sooner farmers and industrial workers get together as friends working for a common cause—justice and a square deal for all—and take control away from the exploiters by peaceful and democratic methods, the better it will be for all concerned."

Mr. Corbett appeals, not to the intelligence, but to the cupidity of our readers. We live in a very old world. What he says was said hundreds of years ago. Various countries have passed through revolutions to correct what he claims is wrong. The workers, the proletariat, got control and drove out "the financial manipulators and money changers" and murdered the bourgeoisie, and the result was that conditions for workers became worse instead of better. Even in Russia conditions are now gradually changing and business is being carried on more and more as it is in this country.

There are a few financial manipulators in this and other countries who ought to be shot or put in jail, but to declare that finanicers and "money changers" are getting away with the spoils and making things difficult for both farmers and urban workers is absolutely wrong. Mr. Corbett says that human rights should be placed before money rights, or "the wages of money". He should know that our whole difficulty —the difficulty of farmers to make both ends meet and the vast extent of unemployment in urban industry—is caused by the fact that money rights have not been getting a square deal.

Mr. Corbett is a railwayman. All railwaymen do not think as he does. Railwaymen who have lost their jobs are "sore" at those who, because of seniority, or some other cause, have benefited at their expense.

Some years ago we were talking to a Trainman on the C.P.R. while on our way to a dairy convention in London. It was during the worst part of the depression. He said that the whole trouble was that people engaged in the building trade wanted too high wages. He declared that times would improve at once if wages were cut.

To try to separate human rights from money rights is folly. Everyone should know that. A man told us only the other day that he recently bought a farm for $1,400 that a few years ago sold for $6,000. Mr. Corbett would no doubt say that that was all right. Farmers who have seen the value of their farms depreciate, and who cannot get a fair return on the investment they have in them, would not agree.

We have a friend who has worked hard all his life and saved his money. He figured that if he bought some C.P.R. stock he would be putting his hard-earned money into something that would give him at least a fair return. We met him on the street the other day and he told us that this stock had not returned him a nickel in dividends for six years. Mr. Corbett, no doubt, would say that that was all right. He is apparently satisfied that this man should do without the comforts and pleasures of life and save up his money with a view to having something to live on in his old age and then be left "flat" because the C.P.R. and other railways are paying out higher wages to their workers than they should in justice to their shareholders and farmers who use the services of the railroads.

The railways in both Canada and the United States are in a very bad state financially. One reason for this is that wages are a major item in operating them, and railway workers and other urban workers have not been willing to take a reasonable cut in wages.

Mr. Corbett declares that industrial wages are less than 30 per cent of the cost to the consumer. Competent authorities on the matter would deny this. They say that about 85 per cent of the cost of most commodities goes to labor. Some economists say it all goes to labor eventually, and it is obvious that this must be so.

A simple illustration shows this. Take the case of some man who has a business, who pays his employees miserably low wages and who piles up a nice profit for himself. What does he do with the money? Under normal conditions he would pay the money to labor by building himself a nice home, buying possibly a fleet of automobiles and by disposing of it in other ways. Some he would invest in other enterprises and thus create more jobs for labor. All the money this rascal, this exploiter of labor, earns eventually goes back to labor, although it does not go to the labor he employs in his factory. One of our major difficulties at the present time is that our railways and other business corporations are not making adequate profits. Moreover, people with money hesitate to invest it in new enterprises, and thus provide employment for labor, because they are afraid that the profit that they might make will be taken away from them by our so-called social reformers.

Numerous illustrations might be given to show that human rights and money rights are one and the same thing. We know a member of a trade union who invested his savings in real estate. When the depression came virtually all these savings were wiped out. This was partly because the local politicians in the municipality in which he lives delude themselves by thinking that by their actions they are placing human rights above money rights.

The most striking illustration that money rights and human rights are indistinguishable occurs in agriculture. If farmers were getting a fair return on the money they have invested in their farms they would have no complaint.

In July the index number of the price of farm products was 71.5, taking the year 1926 as 100. Last year, according to the figures published by the Department of Labor at Ottawa, the index numbers of the rate of wages paid in various urban industries in Canada were as follows:

| | Index Number |
|---|---|
| Building trades | 95.9 |
| Metal trades | 105.6 |
| Printing trades | 96.8 |
| Steam railways | 105.4 |
| Common factory labor | 104.2 |
| Miscellaneous factory trades | 103.5 |

It will be noted that the index number of the rate of wages paid by our railways stands at 105.4, compared with a "rate of wages" in July of this year for farmers of 71.5. This is a difference of 33.9 points.

Perhaps Mr. Corbett does not know it, but farmers do not feel very happy about this situation, and neither do the railway workers who have been laid off. Mr. Corbett says that the efficiency of railway employees has increased 32 per cent since 1920. We wonder whether this is due to the fact that railway employees work longer hours for the pay they get, or to the fact that railway management owing to falling revenues has been forced to provide the means to make their employees more efficient. We would hazard the guess that it is the latter.

Mr. Corbett thinks that railway employees are entitled to higher wage rates because they are more efficient. Farmers are a good deal more efficient than they were in 1920. The last figures we saw dealing with the subject showed that the efficiency of the farmer has kept pace with that of the industrial worker.

Mr. Corbett says that farmers and industrial workers are being exploited by "the same manipulators". We would like to know who these manipulators are. Let us get down to brass tacks.

The major portion of the revenue of farmers in Ontario is derived from the sale of milk and its products. The whole milk business is an important branch of the dairy industry in this province and Toronto is one of the principal markets for whole milk.

At the present time dairy farmers shipping to Toronto are receiving about five cents per quart for their milk, and the Toronto housewife has to pay 12 cents a quart. Mr. Corbett would no doubt say that in this case the milk distributors are the exploiters. Milk distributors themselves, however, claim that there is little money in the whole milk business. Some of them describe it as "a headache". Practically the whole seven-cent margin between what the producer receives and the consumer pays is taken up in the cost of pasteurizing, bottling and distributing the milk. Mr. Corbett need not take our word for this. He may ask the Milk Control Board if it is not so, or even consult some of the officials of the Toronto milk shippers' association about the matter. If Toronto milk shippers are to get a higher price for their milk, consumers of milk will have to pay a higher price for it.

Mr. Corbett seems to think that Mr. Payne wants to lower the standard of living of the industrial worker. We are sure this is not his idea, and it is certainly not ours. The difference between Mr. Corbett and us is that we want to raise the standard of living of all workers, including farmers, while he is only concerned about maintaining a high standard of living for certain privileged groups of workers. We claim that all workers would benefit if there were a fairer ratio between the rate of wages of railway employees and similar workers and the price of farm products.

We want to increase the purchasing power of farmers and increase the *annual income of all workers.* (Annual income is, of course, quite different to *rate of wages.* A man may receive a *high rate of wages* but his *annual income* may be quite low.) All that Mr. Corbett seems concerned about is that railway workers who are lucky enough to have jobs should get the maximum rate of wages, whether this is a handicap to farmers and causes unemployment or not. In this he is like most labor leaders.

## Rippling Rhymes

By Walt Mason



VOICES sometimes are so low, coming on the radio, that I fain would rise and say, "Why not give your lungs full play. I can hear some words at times when you tell of daily crimes, but when you attempt to speak some kind message to the meek, I can only hear you hum, like a jews harp out of plumb." Then as though the talker heard my unspoken heartfelt word, he begins to rant and roar till I butt the kichen door in my haste to get outside, to the woodlands wild and wide, where no radios are found and loud speakers don't abound. Sometimes on a pleasant night there's announced a rattling fight to determine who shall wear champion wreaths upon his hair. We assemble in the gloom of the darkened sitting room, all prepared to hear it through, to the final ballyhoo. The announcer then uprears and dismisses all our fears; he can reach us with his voice that should make all men rejoice. Even stone deaf men can hear such a voice, so strong and clear. Now the fight is under way, and spectators start to bray; thousands of them whoop and yell and we wonder what befell the announcer, for his tones are submerged by cheers and groans; and when everything is done I can't even guess who won. Radio is truly grand but there should be cops on hand to run in the noisy guys who shout comments less than wise.



# Seven Were Veiled

By Kathleen Moore Knight

XXI

PHYLLIS, watching with unseeing eyes the rivulets that coursed down the windows of the sunroom, heard the wailing of the wind and the shuffle of men treading ponderously as though they carried a heavy burden. She dabbed her eyes swiftly with her handkerchief and walked out into the hall.

They were just coming in the terrace door, the water dripping from their hat brims and trickling down their faces — Pete, Christopher, Burke the chauffeur and Slim Holloway, the island policeman who had been on duty at the gate. And they were carrying something on an old storm door, something big and bulky, with a soggy steamer rug thrown over it.

Elisha and the red-faced detective were there, too, and Dr. Sargent and a man, whom she had never seen before, with a camera under his arm.

"Couch in there, be they?" Elisha indicated the powder room under the stairs. "Better lay him down there, boys. Got a sheet or somethin' to put under him, Phyllis—somethin' ye don't care about?"

Phyllis flew to the linen closet at the head of the stairs and came back with sheets and a large white mattress cover in her arms. Elisha took them away from her and spread them on the chintz-covered couch.

The men laid their burden down gently.

"All right, Sim. You better go back to the gate. You, too, Burke. We'll send for ye when we need ye. Much obliged."

At a nod and a meaning wink from Elisha, Christopher drew Phyllis out of the room. In the corridor the rest of the household were clustered whispering in a sort of shocked excitement.

"Why on earth did they bring him in here?"

"Heart failure, of course."

"Yes. Or alcoholic."

"But Christopher said—murder!"

And presently the door of the powder room opened and Elisha stood there, stern and solemn. Behind him, at the hastily improvised bier, they could see Dr. Sargent straightening the folds of the sheet that covered the body. Bill Deeter was walking up and down the room impatiently.

"Well, folks," Elisha said, "I calc'late you've all heard the news by now. This man was found dead in the woods this mornin' not more 'n a quarter of a mile from this house. They ain't any other house within a mile an' a half, direction he was found. He wa'n't drunk—don't look like a drinkin' man, nor a hobo, neither. Seems as if we'd ought to be able to find out where he come from an' what for."

Dudley Houghton grunted.

"Suicide, of course."

Elisha looked at him soberly.

"Not with a bullet straight into the back of his head and no revolver anywhere round."

Corliss Brent broke the shocked silence. "You mean—somebody killed him?"

"Yup. . . . Fust thing we got to do is identify him. He don't belong on the island and he ain't one of the reg-lar summer folks. Now I hate to ask ye, but I got to do it. I want you should all go in there and take a look at him. You might have seen him on the boat or round the island somewheres."

One by one, silently, they filed into the little room. Phyllis, standing in the shelter of Christopher's arm, watched them with dull, horror-filled eyes, waiting her own turn.

Dudley Houghton stalked impatiently to the side of the bier, gave one perfunctory glance at the dead man's face, and marched out again.

"Ridiculous waste of time. Never laid eyes on the fellow before, of course."

Then Aunt Laurie, Dwight, Ailsa—glancing at the still white face—shaking their heads wordlessly.

Anita Templeton-Smith had disappeared. Pete went in search of her and found her sniffling hysterically in the corner of the living-room divan.

"I won't be treated this way!" she sobbed. "After all I've borne in this house, now I'm practically accused of murdering an utter stranger."

"Pull yourself together, old dear," Pete advised coolly. "Maybe you can prove he *wasn't* an utter stranger. That *would* be a sensation! Just think that one over!"

Anita gave vent to a fresh burst of sobs.

"I won't go! I can't bear to look at a dead body. I shall faint."

Corliss went across the room and put her arm about Anita's plump shouders with a kind of irritated sympathy.

"Come along, Anita, and get it over. It's just a formality. Take Norman's arm—that's right."

But as they paused beside the body, it was Corliss herself who suddenly pressed her handkerchief to her lips—whose hand clutched Norman's sleeve with a tense grip. Norman was grinning a trifle sardonically as they went out.

"Can't take it, can you, my love? I'd never expect a hard-boiled wench like you to grow pale at the mere sight of a stiff."

She managed a taut, caustic smile and a shrug.

"Oh, I'm all right. But it's giving me the jitters—all this sudden death around the place. I don't mind admitting it."

And then Phyllis found herself standing there beside the couch looking down into the dead man's face. It was such a nice face—mild, kindly, with a broad intellectual forehead from which the silvery hair had receded in two sharp peaks, and a straight, high-bridged nose. She could see the little dents at each side which his glasses had made. She thought that behind the glasses those closed eyes would have been blue and a trifle vague.

And someone had killed this gentle, amiable old man!

Phyllis' lips were quivering uncontrollably. Bill Deeter had stepped to her side and was watching her sharply.

"Have you ever seen him before?"

Her eyes filled with tears. Yes, she had seen him before, only a few hours ago, lying in a moon-drenched glade. And they had left him there alone, she and Christopher.

Christopher's hand closed about her arm just above the elbow and he was turning her about to look compellingly into her eyes.

"Phyllis dear, don't take it too hard. There's nothing we could have done." He knew the thoughts that were passing through her mind. "You don't know who he is, do you, darling?" He phrased the words carefully.

"No, I don't."

"Well, that's that," Elisha said with cheery resignation. "I didn't really expect nuthin', so I ain't disappointed. But there's a few things Bill and me'd like to git straightened out. S'pose we all go in the settin' room an' talk things over. Everybody here?"

And then, for the first time, they noticed that Francine was missing.

XXII

Pete Bishop went up the front stairs two at a time, and they heard him rapping a lusty tattoo on her door.

"I say, Fran, open the door, will you?"

He paused, listening; then tried again.

"You'll have to cut out the beauty sleep, Francie. Sorry, old dear, but you must wake up. Something serious has happened."

And after a long moment of silence:

"Well, darling, you brought it on yourself. Papa's coming in with the hairbrush."

And presently he came racing down the stairs again with a scared look on his round good-natured face.

"Say," he gasped, "she's not there! And she hasn't been to bed either! It's turned down neat as a whistle, with the pyjamas on top and not a wrinkle in the whole outfit."

Everybody seemed to be talking at once. In the general agitation Christopher's hand sought Phyllis' and closed over it warningly. Then Elisha was thundering for silence.

"Stop your chatterin', will ye? This ain't no time for it. Somebody ask Burke to step in here."

The chauffeur, it seemed, was still in the kitchen, discussing the gruesome discovery in the woods with Hattie Parsons. He appeared with miraculous promptness in the open doorway, his cap in his hands.

"Burke," Elisha's manner was mild, "you druv Mrs. Drake down-island, did ye? Or did she take a car herself?"

Burke's usually impassive face showed discreet amazement.

"Mrs. Drake, sir? No, indeed. No car has been out of the garage since yesterday afternoon, sir, when I brought Miss Ferris home."

"Hm. Couldn't 'a' took one without you noticin', I s'pose?"

"No sir." Burke was courteous but none the less positive.

"Mm. That's all, Burke. Jest wait around a spell. I may need ye. Bill, step out here into the hall a minute, will ye?"

In the living room there was an uneasy sense of apprehension as the little group of people sitting there discussed this new mystery in low voices. Phyllis lifted a pitiful drawn face to Christopher.

"We've got to tell, Chris," she whispered. "It was she—with the veil."

He nodded abruptly.

"Yes, I suppose we must. You saw her—but you didn't leave your room. Come on. Let's catch Elisha by himself and tell him."

He was out in the hall, holding low-voiced conference with Sim Holloway and Buck Edwards, the chief of police. Bill Deeter was nowhere in sight. Christopher beckoned to him with a jerk of the head.

Elisha dismissed the men and followed Christopher and Phyllis into Marvin Heath's empty library.

"Got somethin' on your mind?" he asked.

Christopher closed the door.

"We've been holding out on you, Phil and I," he said, "but now that Francine has disappeared, we thought you ought to have the facts."

And then he told him the strange story of the disappearing bridal veil and the inexplicable attack on Phyllis.

"So you thought it was Francine, did you? Hm. An' last night ye saw the weddin' veil walkin' off by itself through the woods. Now this mornin', Francine, she's gone, too." Elisha ran a horny hand over his long jutting chin. "Hm."

"And there's something else," Phyllis said. "I tried to get you last night to tell you. Didn't you get the message I left with Joel Baxter?"

"Nope. Ain't ben to the market sence noon yesterday. But no matter. What was it you was aimin' to tell me?"

Phyllis was holding tight to Christopher's hand, but her eyes were steady.

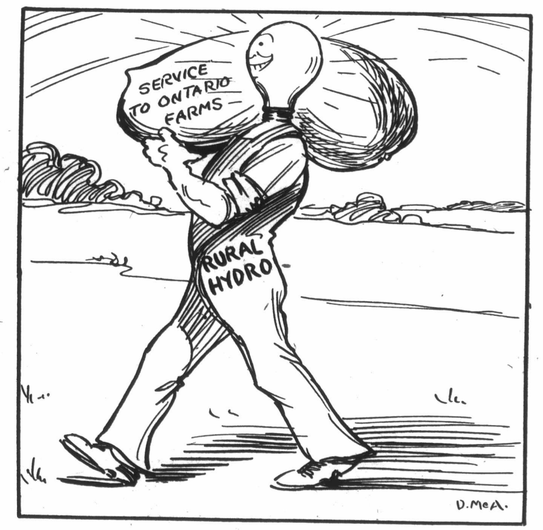
"It was Dwight Garrison, Elisha. He believes he saw me coming out of this room with my wedding veil on, that horrible night just before Father died —and that I came in here to poison him. He—he promised not to tell"—her voice faltered, but her chin went up valiantly—"if I'd marry him."

"Did, did he?" Elisha's thin lips were a straight stern line. "He is sort of a low-down cur, ain't he? . . . 'Twa'n't you—that he sees comin' out?"

"Why, of course it wasn't!" Phyllis cried indignantly.

"There, there, now; Ain't got no call to git riled up. 'Tain't no crime, 's I know of, goin' in to show off your weddin' fixin's to your father. I jest want to git the record straight. . . . So either this feller Garrison is lyin', or somebody went into Marvin Heath's study that night with your veil on and

(*Continued on page* 21)




*The boy's beginning to carry a real man's load!*

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA




# Letters of a Countrywoman

DEAR AMY:—

Thank you heartily for the birthday present. It was jolly good of you to let me choose what I needed most. I am getting a book that I hope will be useful to me as a writer as it features the different markets where one can get almost every variety of rejection slips. I haven't sent out a story for a long time, so of course feel lonely for a rejection slip.

I think I see you smile, as Dick does when he posts a manuscript for me: "I wish I had your persistence in spite of discouragement, Mother", he remarks. But just listen to this: "Fannie Hurst submitted 86 stories to Saturday Evening Post and all were rejected. Her 87th sold. Persistence plus a systematic study of the profession of writing, is the road followed by successful professionals."

I have persistence anyway—so stop your smiling—all of you.

I got a lot of nice presents but won't weary you with a list. Had a jolly birthday; stayed in bed until noon, then after a good dinner spent the afternoon on the couch on the veranda, and received my visitors there—and very congenial visitors they were. One was from a farm—evidently a prosperous farm—near Toronto. She had a few days to play, spent some in Buffalo, came home and announced that she was going to Parry Sound for a day or so. When asked the reason of this choice she said she was going to find out whether there was such a person as "Toria" in Parry Sound and, if so, why?

She cleverly concealed whatever disappointment she may have felt and chatted genially about her children and their pets, and the squirrels and other pets I used to write about in my C.C. letter when I was living on the farm. Our next door neighbor dropped in and the conversation took a wider sweep, and soon we were discussing everything from "Cabbages to Kings" and settling the affairs of the nation with a finality that would have surprised wiser heads than ours—if there are any. Queenie is a born lecturer and knows exactly how the world should be run. I am not a talker, but I'm a terror to think, and I try to be a good listener.

A young man who was once our manager when we ran a summer resort, also dropped in to say "Hello". When he had gone our next door neighbor remarked: "Well, I think it was real nice of that young man to come in just to see an elderly woman". I drew myself up the length of the lounge and asked in an icy tone if "Elderly woman" referred to me, because the term did not fit—even if it was my 80th birthday (which it wasn't).

You should have seen her wilt—I didn't—but I'm sure she must have wilted—inwardly. However, I agreed with her that the young man was very pleasant and thoughtful.

He is a school teacher now and usually drops in once or twice during his holidays. The first time he came I was busy trying to uncrate a buffet that was in an oak crate. I had been working at it for an hour, was all tired but and had removed only one strip of oak. He kindly offered to help and so let himself in for more than an hour's hard work before that thing was out of it's crate. Since then he has made his calls on Sunday — and I don't blame him.

No, the kitten hasn't a permanent name yet; we called it Trixie and then found that the family already had a Trixie cat, so they had the first claim. Then I called it "Fleas" for I was sure nobody else would have that name for a pet cat; and also because it frequently scratched behind its ears. I got a package of defleaing powder, Queenie applied it, apparently with success, but until somebody finds a suitable name I'm afraid "Fleas" will stick, though as a matter of fact I have no proof that that kitten harbors a flea. I haven't seen a flea for thirty-three years, and that was in "dear old London" and the landlady said I must have brought it.

This kitten is really very intelligent and seems to understand every word we say to it. This morning it jumped up on my bed and attempted to lick my face. "Get out of here, I don't want you!" I said in an unfriendly tone. It sprang right off the bed, sat under the rocking chair and gazed at me pathetically with eyes that plainly said: "Why are you so cross this morning?"

When it wants an egg it goes into the pantry, sits behind the egg case and meows—but I think Queenie is romancing when she says that it lifts the cover and counts the eggs to see how many we have used.

I am beginning to wish I was a little more able, more capable of going for long walks, climbing hills, etc., etc., for if one can't do these things one may live in a place for years and yet know very little about it. I realized this keenly last Saturday when a party of tourists, including one C.C. reader, called on me during the afternoon and asked what scenic or other attractions Parry Sound has to offer to visitors. They had already seen Tower Hill with its lovely flowers, landscaping and wonderful view over the bay, the waterfront, lots of Indians and Toria.

For the life of me I couldn't think of the Ferry that would have taken them over to Parry Island, and the Indian village, or I might have directed them to the beach with its bathing beauties—including my long-legged grand-daughters, but I just didn't think of it at the time.

Well, the holidays are almost over and it will be a sad time for Peter when the girls, his devoted slaves, go back to school, and he will miss all the fun. The girls and his Daddy have been teaching him a little game. They sit on their heels before him, he pushes with both hands and over they go. Then he laughs very heartily. Once when he was walking up town with his mother she noticed that one shoe was unlaced and knelt down to lace it. The next thing she knew she was on her back on the sidewalk, and Peter was having a great laugh.

On my birthday, before my visitors came, I was memorizing that beautiful poem by John Greenleaf Whittier called "At Last". It seemed to fit in with my birthday, and is alleged to have been recited over his death-bed by one of his relations. The poem begins—

"When on my day of life the night is falling,
And, in the winds from unsunned spaces blown,
I hear far voices out of darkness calling
My feet to paths unknown.

Thou who hast made my house of life so pleasant,
Leave not its tenant when its walls decay;
O Love Divine, O Helper ever present,
Be Thou my strength and stay.

Be near me when all else from me is drifting—
Earth, sky, home's pictures, days of shade and shine
And kindly faces to my own uplifting
The love which answers mine.

I have but Thee, my Father! let Thy Spirit
Be with me then to comfort and uphold;
No gate of pearl, no branch of palm I merit,
Nor street of shining gold."

There are two more verses, but I've copied enough. All Whittier's poems are beautiful because one can feel them, they are so understanding.

(Continued on page 13)

## At the Western Fair

By Edith Metcalf Wilson

FROM the rosy depths of September's dawn the sun rose confidently but presently was obscured by rain clouds and shone no more for the rest of the day; yet the enthusiam which attended the two opening days of London's Fair was carried over into Wednesday, September 14, and evidenced in crowded buildings, parking grounds and driveways. Thirteen hundred more people entered the grounds on the first two days than last year and they were rewarded by exhibits and entertainment even better than past records.

Behind the glass cases of women's work were beautiful specimens, not only from women, but prominent among the finely quilted comforters was one made by an old man using 2,820 pieces of cloth, the same needle and no thimble.

Dr. Florence Stark of O'Brien, Ontario, who sent three exquisite pieces of petit point last year had an entire handbag done in the finest of petit point artistry. One wonders how her eyes survive the attendant strain.

Mrs. E. W. Hall of London had a red ribbon on a needlepoint picture of the famous painting, the Last Supper; and Mrs. Harold Oddie of St. Vital, Winnipeg, followed with a blue ribbon for a similar needlepoint study, the Archer.

A Coronation touch was given in a purple hooked rug made by Mrs. Williamson of London, featuring as its only decoration the gold crown of the Coronation.

A novelty among the quilts was a hoop-skirted girl carrying a parasol, applied at intervals. Similarly a John and Jane figured quilt

(Continued on page 12)



*Home-making Club projects and judging contests were a successful feature of Woodstock Fair. Here are four of the winners. Left to right they are Miss Elsie Patterson, Thamesford, first in "Clothes Closets Up To Date" for senior girls; Miss Elva German, Beachville, first in the "Milky Way" contest for seniors; Miss Christine Matheson, Embro, first in "Milky Way" contest for juniors, and Miss Doris Rowland, Embro, first in "Clothes Closets Up to Date" for juniors.*



# LUSCIOUS WAYS WITH PEACHES

HERE is the secret of cooking with fresh peaches—to produce a cooked product with an uncooked flavor. Otherwise it would be like gilding the lily to have peach recipes at all. Alone they have everything they need, sweetness, fragrance, flavor. Use them for these qualities and do not bury them in stronger flavors. Each recipe should be almost as simple as "Peaches and Cream".

Near the shores of the Great Lakes peaches reach a golden perfection. We have eaten peach shortcake there which is close to a miracle. The fresh taste of the newly cut slices is retained, yet the peaches are surrounded by a rich syrup. While the biscuit shortcake is baking, about half a dozen peaches are sliced and dropped into a syrup made of 1 cup sugar, ½ cup water and ¼ cup butter. This is heated to boiling and then cooled. The shortcake is split and buttered while hot, and peaches with syrup put between and on top of layers. It is served at once while warm.

Monk's Omelete is very unusual and makes a most inexpensive and pleasing dessert.

*Monk's Omelet*

8 large peaches
½ cup powdered sugar
2 eggs, well beaten
Fine, dry bread crumbs
3 tablespoons melted butter

Peel and slice peaches. Add sugar and simmer until peaches are tender. Add small amount of hot sauce to eggs, mix well and return to remaining hot sauce. Line a greased pie pan with a thin layer of the fine bread crumbs. Turn in simmered peaches and cover ¼ inch deep with remaining crumbs. Dribble with butter and bake in hot oven (400 degrees F.) 15 minutes or until lightly browned. Cool. Approximate yield: 6 portions.

For a Peach Spice Cake of delicate flavor with an unusual frosting. Do not beat the batter too hard after the addition of peaches as it is desirable to have a few large pieces visible in the baked cake.

There are spice cakes using prunes and spice cakes using apples. In each case the fruit loses its flavor identity even while adding to the cake quality. Here we have a peach spice cake of unusually soft texture, but if the peaches are mashed or beaten into this cake their delicate flavor is lost, and the cake loses in quality as well as in its usually-fine flavor.

*Peach Spice Cake*

2 cups sifted flour
1½ teaspoons baking powder
1 teaspoon baking soda
½ teaspoon salt
½ teaspoon cloves
½ teaspoon nutmeg
½ teaspoon allspice
½ teaspoon cinnamon
½ cup butter
1 cup sugar
3 egg yolks
1 cup diced peaches
½ cup sour milk
2 egg whites, stiffly beaten

Mix and sift flour, baking powder, baking soda, salt, and spices. Cream butter until soft, add sugar gradually, creaming after each addition, until light and fluffy. Add egg yolks and beat well. Add flour alternately with milk, a small amount at a time, beating until smooth after each addition. Add peaches. Fold in egg whites and turn into greased (8-inch) layer pans. Bake in moderate oven (375 degrees F.) 30 minutes or until done. Cool and frost with Special Peach Frosting.

*Special Peach Frosting*

1 cup sugar
1/3 cup flour
¼ cup lemon juice
2 teaspoons grated lemon rind
2 cups mashed peach pulp
2 tablespoons butter
2 eggs, beaten

Mix flour and sugar. Add lemon juice, grated rind, and peaches. Cook over hot water 10 minutes, stirring constantly until smooth and thickened. Add butter. Add a small amount of this thickened mixture to beaten eggs, mixing well together. Return to remaining hot mixture. Cook 2 minutes longer, and beat for 3 minutes. Approximate yield: Frosting for 2 (8-inch) layers.

Peach Plum Conserve is a deep amber color, quite tart and good in flavor.

*Peach Plum Conserve*

4 cups peeled peaches sliced
4 cups diced fresh plums
10 cups sugar
1 lemon, thinly sliced
1 cup chopped walnuts

Mix fruits with sugar and cook over moderate heat until thick enough so that a small amount jells on a cold saucer. Add nuts and turn into hot, sterilized jars. Cool and seal with paraffin. Approximate yield: 10 one-half pint jars.

*Peach and Plum Salad*

12 large red plums
6 large ripe peaches
1 cup sugar

Wash and halve plums. Remove pits. Pare and quarter peaches. Place fruit in alternate layers in glass serving dish, sprinkling each layer with sugar. Chill one hour before serving. Approximate yield: 6 portions.

*Pfirsich Kuchen*

3 cups sifted flour
4 teaspoons baking powder
½ teaspoon salt
½ cup butter
¾ cup sugar
1 egg, well beaten
1 cup milk
5 large, ripe peaches, sliced
Brown sugar
Cloves

Mix and sift dry ingredients. Cream butter and sugar. Add egg. Add milk. Add flour and beat quickly until smooth. Spread dough thin in two greased, shallow pans (6 by 10 by 1 inch) and arrange peaches on dough in rows. Sprinkle liberally with sugar and cloves. Bake in moderate oven (375 degrees F.) 30 minutes. Serve warm or cold. Approximate yield: 2 kuchen.

*Southern Peach Cobbler*

1 recipe plain pastry
8 medium sized peaches, peeled
2/3 cup sugar
¼ cup brandy
Confectioners' sugar

Divide pastry. Roll one part into a strip 4 inches wide and long enough to line the sides of a quart casserole. Put peaches, cut, in casserole. Add sugar and brandy. Cover with remaining pastry, rolled thin, and slashed to allow escape of steam. Bake in hot oven (450 degrees F.) 10 minutes. Reduce heat to moderate (350 degrees F.); dredge with confectioners' sugar and bake 5 minutes longer. Approximate yield: 6 portions.

Very unusual is the use of peach halves instead of crust topping for a meat pie.

*Peach and Beef Pie*

3½ cups diced, cooked beef
¼ cup chopped green pepper
2 cups left over gravy
Salt
Pepper
6 ripe peaches
¼ cup catsup

Place beef, green pepper and gravy in shallow, wide casserole. Sprinkle with salt and pepper. Cover and bake in moderate oven (350 degrees F.) 20 minutes. Peel and halve peaches. Remove stone and fill centres with catsup. Place, hollow side down, on top of meat, cover and bake 20 minutes longer or until peaches are tender. Approximate yield: 6 portions.

(Continued on page 11)

## The Sewing Box

By Mary Lister



### Cross Stitch Cushion

THE season of long, quiet evenings will soon be with us. Soon the family will be gathering around the fireside and the need for comfortable, bright cushions will be a reality. This lovely cushion is delightfully trimmed with a border of simple cross stitch in bright colors. It is stamped on the finest Irish linen that will wash and wear and give you no end of pleasure. The embroidery is done in gold, green, red, brown and black on either gold, ecru or brown linen. The four sides of the square are finished with a row of buttonhole stitching which repeats the color of the cross stitching and gives an unusual and effective finish to the cushion.

Design No. 184—Stamped linen cushion top (state color), the matching back and complete instructions for embroidery and finishing. Price 70 cents. Threads for working, 20 cents. Cushion form, 18 by 18 inches, 60 cents.

Address your order to The Sewing Box, The Canadian Countryman, 204 Richmond St. West, Toronto.

## Games for the Corn Roast

By Joan Fraser

"EVERYONE please form a double circle—girls on the inside and boys on the outside," rang out a cheery voice, and the eager crowd of young people who had gathered on the lawn beneath the harvest moon knew that a good time was in store for them. "Has everyone a partner?" continued the leader. "Fine! Now we'll sing the Jolly Miller. It goes to the tune of Turkey in the Straw.

"There's a jolly old miller, and he lives in the mill,
And the wheel goes around with a right good will,
One hand in the hopper and the other in the sack,
And the right steps forward, and the left steps back.

"While we are singing, the girl takes her partner's arm and all move in a clockwise direction. When we come to the last line of the song—The right steps forward, and the left steps back—the girl steps forward to get a new partner, while the boy steps back to get a different girl. I have no partner, so I'll stand in the centre, and while you are stepping forward and back, I'll try to grab a fair maiden from another chap. Then he'll have to take my place in the centre and the game goes on."

When the Jolly Miller had produced the desired effect of co-mingling the crowd in an informal manner and infusing all hearts with gayety, the leader suggested, "Let's change the game. Keep the same formation, though—a double circle. Jean and Jack, you may be 'It' for French Tag, or Two Deep as it is sometimes called." Jack chased Jean across the circle, in and out among the partners who stood watching, almost tagging her several times. After some skilful dodging she finally stopped in front of another girl. That girl's partner then became the fugitive, and the game progressed.

Partner Squat Tag was then introduced. "This time the girls form an outside circle," directed the leader, "while the boys form a circle on the inside. Girls move in a clockwise direction, boys counter-clockwise," indicating with his hand. 'Now halt! Take your partner's hand and remember who he is. Drop hands and continue marching as before to the tune of Ned's mouth organ. When Ned stops playing, find your partner as quickly as possible and then squat. The last couple to squat drop out of the game." This contest provided a great deal of merriment and lasted until, by process of elimination, only one pair of players was left.

The leader then arranged the crowd in a single circle, choosing about ten of their number to stand in the centre for Circle Dodge Ball. A large rubber ball was produced with which the players who formed the circle endeavored to hit those in the centre. Any of the centre players thus hit joined the circle. The object was to see which ones could, by clever dodging, remain longest in the centre.

Circle Jump followed. Keeping the same single circle one player was placed in the

(Continued on page 11)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120112




## The Work of Rightness

"And the work of rightness shall be peace; and the effect of rightness, quietness and assurance for ever."
—Isaiah XXXII: 17.

WE sometimes, I am convinced, lose the true force and meaning of a passage of Scripture because we do not stop to translate its archaic expressions into our common, everyday language. For instance most of us have come to believe that the word "righteousness" has some mystic spiritual meaning which has nothing to do with our everyday actions and decisions. For that reason I have chosen to use in its stead the more forthright and more understandable word "rightness". We may not be sure just what "righteousness" is, but we do know "rightness". We know right from wrong. We know that "rightness" is God's way and leads us to God, and that wrongness leads away from Him. We are happy and content when we are moving toward Him, and however merry and hilarious we may be, however successful in our business, however much admired and flattered by those around us, we are deep in our hearts unhappy, and discontented and homesick when we turn away from Him. In the simple little everyday things of life as well as in its great decisions we know right from wrong.

And the text which we have quoted comes home to us with more force, with more personal appeal when we interpret it to mean that "rightness" works for peace and quietness and assurance. As we consider our own lives we are, most of us, willing to subscribe to this statement. The feeling that we are right, that in so far as we have been given to know, the way we follow is God's way, gives us an assurance, a stability, a serenity of heart which shuts out worry and uncertainty and apprehension. Our feet are "set upon a rock". There is no need for bluster, no need for argument. It is the man who is wrong who is likely to lose his temper: to enforce his decision by bullying and tyranny. For quietness and assurance in our own hearts sheds its influence on those about us. It carries with it an atmosphere of peace which reaches out beyond ourselves. Even when we meet with the most violent opposition the rightness of our cause is recognized, and the fairness of our decisions. For the recognition of rightness is given to all. We may turn our backs upon it, and deaden our hearts, but we still do know the right is right.

Not only does this rightness give us in ourselves assurance and peace and courage, but it gives us a wisdom we do not otherwise possess. Rightness includes fairness and justice. We see the other fellow's side of things. Behind his mean acts and his tantalizing words we see the circumstances which have tended to make him what he is. The way of "rightness"—God's way for us—is not a selfish way. We want our opponent's good as well as our own good. We try to think for him as much as we think for ourselves. And because goodness for us both is the will of God we have His help in our decisions and His guidance in our words and actions. Such a position works toward peace. Such a "rightness" in the hearts of all men would establish "quietness and assurance forever".

And this is as true of nations as it is of individuals. "Rightness exalteth a nation"—"not by might nor by power—but by My Spirit, saith the Lord". Not great fleets, nor vast armies, nor huge stores of munitions will help us to work out the tangle of world affairs. Not cutting sarcasms, nor the power of wealth, nor the position of tyranny, will enable us to settle our class problems, or our personal quarrels. Only "rightness"—the rightness which is righteousness, which is generous and unselfish and sincere, and sees the other side as it sees its own—only this will lead us into truth and peace. And this *will!* It may be long in the coming, because men and nations have so set their hearts on material possessions that they have choked back and dulled, and sometimes all but killed their awareness to God and to His will. But we can say with the great American poet James Russell Lowell:

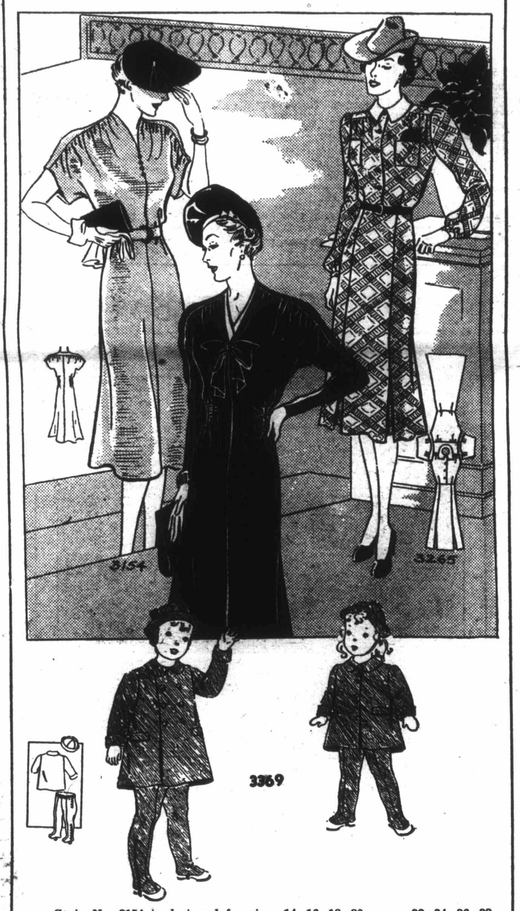
"Right is right—since God is God,
And right must surely win.
To doubt would be disloyalty:
To falter would be sin."

Wrong and injustice rankle in the heart. They cannot but produce resentment and hate. All international struggle, all class warfare, all personal greed, is the result of some deviation from rightness—some selfishness, some greed, some tyranny, some fear. But rightness is stronger than evil. It can wipe wrong out. So the cure for all of us must be to be right. To establish in our own lives, in our homes, in our business relations, and to do what we can to establish and uphold in community and country that righteousness whose work is peace, and whose effect is quietness and assurance forever. Let us dedicate ourselves to this cause, for, having done so, we shall know the way in which we may best serve it. God Himself will teach us.

—CLAUDE R. VANE.

There are now 342 women farmers' clubs in 67 counties of the Province of Quebec. These clubs, states the Quebec Minister of Agriculture, augment the effect of the lectures and demonstrations given by the official instructress of the Domestic Economy and Handicraft Sections of the Department.

## Fashions of the Day




Style No. 3154 is designed for sizes 14, 16, 18, 20 years, 32, 34, 36, 38, 40, 42, 44, 46 and 48 inches bust. Size 36 requires 4½ yards of 39-inch material for short sleeved dress. Price 15 cents.

Style No. 3265 is designed for sizes 14, 16, 18, 20 years, 32, 34, 36, 38, 40, 42, 44, and 46 inches bust. Size 36 requires 4⅛ yards of 39-inch material with ¼ yard of 35-inch contrasting. Price 15 cents

Style No. 3369 is designed for sizes 2, 4, 6 and 8 years. Size 4 requires 3⅛ yards for single breasted coat, hat and leggings. Price 15 cents.

Fall and Winter Fashion Book, 15 cents per copy.

Pattern Dept., Canadian Countryman, 204 Richmond St. West, Toronto.

## Talky Tooter of Balsam Grove

By Bertha E. Green

IT was on the sunny side of the Spruce Grove, which was also the side sheltered from the rough, cold wind that someone was hiding. It was a large, grey, tawny, furry body that lay stretched out on one of the spruce branches, twenty feet at least above the ground. It was a bobcat, Old Judge Fuzzer. His fur coat was rough, almost mussy looking on account of its mottled coloring of buff and grey. His tail was bobbed, his whiskers bristly, his sharp ears twisted and tufted at the tips, and the thicker fur on his neck made almost a ruff, or a muffler.

Old Judge Fuzzer was not asleep, but through half-open eyes was watching a pair of rabbits who were playing amongst the boulders. Suddenly the long, two-eared cottontails whisked into a hiding place in a nearby rock-pile and where they had been playing there now stood a whitish-furred, long-bodied, short-legged animal who sat up straight-backed and turned up a saucy nose at the bobcat on his branch but a short distance away.

The big cat stretched himself and rose to a crouching position on the spruce limb. He leaned over until his whiskered face was in full view of the smaller furry fellows below him and said: "I might have known that the cottontails would not have a chance to come out and play in the sunshine very long. There are so many rascals out on the ridge this morning."

"Just what I said to myself when I spied you up there, Master Fuzzer," said the watcher on the ground, in a high squeaky voice.

The bobcat's whiskers bristled with anger, and though he tried to keep his temper he almost squealed as he said: "If there is one real rascal around here it is you, Master Whitey Weasel."

The little fellow on the ground, wrinkled up his sharp nose, for nothing was more fun for him than making the bobcat angry. Whitey Weasel was feeling pretty good anyway for with the coming of frosty weather his fur coat of muddy brown was rapidly changing to the white suit of which he is so proud. The tip of his tail was already a jet black and he whisked it around in front of him and waved it at the bobcat as he shouted teasingly:

If you measure tails with temper,
Why, a weasel, you must see,
Will be never nasty mannered,
Rude, nor rough, nor peppery.
But a bobcat, a Judge Fuzzer!
If you look, you'll never fail
To say to yourself: "His temper
Is as short as is his tail".

"That isn't so," squealed the bobcat. "My tail isn't as short as——I mean my tail isn't as short as——I tell you both my tail and my temper are as fine as any weasel's."

By this time the bobcat was very angry, and all the more so because he saw that the teasing weasel had been joined by a cousin of his, Master Marty, the stone marten. Master Marty was as fond of teasing the bobcat as Whitey Weasel but he did not say anything to make the bobcat angrier for he wished to tell the bobcat of a visit to be made.

As soon as the marten had managed to quiet the weasel he said to the bobcat: "Can you tell me who lives in the Three-Oak bramble patch?"

"I don't know," replied Old Judge Fuzzer. "I can see the patch way down in the marsh but not even a bird is anywhere around it."

"Will you go with me to visit it, Master Fuzzer?" asked Marty Marten. "I'm afraid to go alone for fear the Snowy Owl might catch me on the way."

"I'm going, too," squeaked Whitey Weasel.

"Better wait 'til you're asked," snorted the bobcat. "I'll go with you as soon as the ground is frozen hard enough, Marty."

"The little pools are covered with ice now," said the marten. "Look at this!"

(*Continued on page* 13)



## Luscious Ways With Peaches

(*Continued from page* 9)

*Old-Fashioned Peach Butter*

5 pounds of peaches
3 pound of sugar

Peel and slice the peaches. Cover with sugar and let stand over night. Cook for three hours over low heat; then pour into sterilized glasses and when cool seal with melted paraffin and paper tops. Approximate yield: 8 one-half pint jars. This butter is especially wholesome eaten with bran muffins. Also good with waffles.

*Peach and Almond Marmalade*

5 pounds of peaches
3 pounds of sugar
8 cups blanched split almonds

Place peeled and sliced peaches in kettle with sugar and cook gently until peaches are soft. Put through a colander and continue to simmer until marmalade begins to thicken (218 degrees F.). Then add split almonds and take from stove. Put into sterilized glasses or earthenware pots. Cover with thin papers dipped first in Kirsch or brandy. Then attach and seal paper tops. Aproximate yield: 8 one-half pint jars. This marmalade is delicious with toast made from home-made bread.

## Games for the Corn Roast

(*Continued from page* 9)

centre, armed with a small bag filled with sand attached to a lengthy cord. Seizing the end of the cord, he swiftly whirled the bag with a circular motion beneath the feet of those in the circle. Any player who, by failing to jump quickly enough, got the string tangled about his feet, became "it", while the centre player took his place in the circle.

Another singing game was Rig-a-jig-jig. With the circle players standing still the centre player marched around the inside of the line while all sang:

"As I was walking down the street,
Heigh-o, heigh-o, heigh-o, heigh-o,
A pretty girl I chanced to meet,
Heigh-o, heigh-o, heigh-o.

*Chorus*

Rig-a-jig-jig, and away we go, away we go, away we go,
Rig-a-jig-jig, and away we go, heigh-o, heigh-o, heigh-o!"

At the words, "A pretty girl I chanced to meet," the centre player chose one of the opposite sex as he walked around the circle to accompany him. Then when the chorus commenced he clasped her left hand with his left and her right hand in his right. Thus linked, they skipped lightly around the circle during the singing of the chorus. Then she dropped behind him and in single file they marched around the circle while all sang the verse over again. At "A pretty girl I chanced to meet", he chose another girl as partner while she chose another boy. The game went on until all were chosen.

The leader then requested the couples to march up the centre to where he stood. On reaching him the first couple was directed to the left, the next to the right, etc., down the sides, across the back of the lawn, and up the centre in four lines. In this formation they played some relay games. The four players standing at the head of the lines were each given a balloon. They were instructed to pass the balloon overhead down the line to the end player who, on receiving it, ran up to the head of his line and passed it down again. When the original head player was back in his position again, he squatted down to indicate that his line was finished. The line finishing first was acclaimed the winner. A second time they tried the balloon relay by passing it between their legs, and a third time by passing it over the first player's head, then between the second player's legs, over the head of the third, etc.

## Home Baking

Sponsored by
The Home Baking Service of Robin Hood Flour Mills



# I Called to Chat About Baking But Found a Kitchen Filled with People and Sausages

By Evangeline



MRS. SAM SCHNEIDER AND DAUGHTER, McMAHON, SASK.

ON one of those brisk, sparkling days that make Autumn so delightful in Western Canada I dropped in on Mrs. S. G. Schneider of McMahon, Saskatchewan. Mrs. Schneider is prominent in her community. President of The Women's Community Aid and noted for cooking and baking skill. I expected to have a friendly chat with her about baking bread and cakes but found her with a kitchen filled with men and women working at making sausages. There were heaps and heaps of sausages!

"What in the world are you going to do with all these sausages?" I inquired.

"Oh, we are just making up a year's supply," smilingly replied Mrs. Schneider. "Half of the quantity we smoke. The other half we can. To can them I cook them the same as I would for the table and bottle them in sterilized jars. With ½ inch of fat on top of each jar and well sealed the sausages will keep indefinitely if the jars are turned upside down and left on my cellar floor." Later on Mrs. Schneider with true Western hospitality invited me to try her sausages. And were they good! The buns Mrs. Schneider makes are simply grand, too. Also her bread. It's as white as white can be. And so tasty! At an opportune time I asked Mrs. Schneider what flour she used.

"The best flour made and that's Robin Hood," said Mr. Schneider, breaking into the conversation. "We have tried cheaper flours but don't like them."

"But don't forget, Dad," said Mrs. Schneider, "we get two more bakings from a sack of Robin Hood."

Mrs. Schneider speaks from experience. She started using Robin Hood 26 years ago. Off and on since then she has tried other brands but none have proved as dependable or economical as Robin Hood. She bakes all her cakes and pastry with it as well as her bread, and says "Robin Hood gives them all a better flavor!"

I am sure you will get fine results with Robin Hood Flour with your very first baking. What makes me so sure is because I have seen with my own eyes the choice wheat the millers use for this flour. I have seen this wheat washed until all the grit and dirt have been removed and the grains fairly sparkle with cleanliness. I have seen this CLEAN wheat milled oh, so carefully, and the flour sifted through silk cloths until it is very, very fine. With such fine, clean, white flour a woman's baking simply can't help looking and tasting better.

You cannot lose anything by buying a sack of Robin Hood. The results are guaranteed and you are the judge. If, after trying it for two bakings of bread, pies, cakes, anything you wish to use it for, you are not fully satisfied with the results, just return the unused portion of the sack and get your money back plus 10 per cent. Unless the millers were sure of the superiority of Robin Hood they wouldn't dare make such an offer.



## Pigs in Blankets

Here's an appetizing way to serve sausage.

Brown a pound of sausage in the frying pan. Then roll them in squares of pastry. Bake in a moderately hot oven of 375°F. until pastry is nicely browned and the sausage cooked. Serve with or without a cream sauce.

### Pastry

To make the pastry blankets use 3 cups of Robin Hood Flour, 1 cup shortening, ½ teaspoon salt, ½ cup cold water. Rub the shortening into the flour and salt. Add the water slowly. Roll the pastry out to the same thickness as for pies.

## You'll Want This NEW RECIPE BOOK

Here it is, Ladies! The NEW Robin Hood recipe book, "Baking Made Easy", just off the press. The most modern, up-to-the-minute, and practical book that ever came into your kitchen. Sixty-four pages containing more than 100 tested recipes for bread, cakes, cookies, quick breads, puddings, pies, sandwiches, frostings and fillings.

As the name of this new book indicates, every step is shown clearly. A beginner can take the book and prepare appetizing meals. At the same time, there is much that will be new and interesting to the experienced housewife. Send 9c in stamps and the book will be mailed to you promptly. Write to Robin Hood Flour Mills, Ltd., Dept. "B", Toronto, Ont., or Montreal, Que. Please mention this publication.




MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120113


Try Salada Orange Pekoe Blend

"SALADA" TEA

516



**Special Bargain EXCURSIONS**

TO ALL STATIONS IN WESTERN CANADA

GOING DATES

DAILY SEPT. 24 TO OCT. 8

RETURN LIMIT: 45 DAYS

TICKETS GOOD TO TRAVEL IN COACHES

Excursion tickets good in Tourist, Parlor and Standard sleeping cars also available on payment of slightly higher passage fares, plus price of parlor or sleeping car accommodation.

ROUTES—Tickets good going via Port Arthur, Ont., Armstrong, Ont., Chicago, Ill., or Sault Ste. Marie, returning via same route and line only. Generous optional routings.

STOPOVERS—within limit of ticket, both going and returning — at Port Arthur, Ont., Armstrong, Ont., and west; also at Chicago, Ill., Sault Ste. Marie, Mich., and west in accordance with tariffs of United States lines.

*Full particulars from any agent*

Canadian Pacific



**IS YOUR BABY GETTING A TOOTH?**

YOUR BABY must "get a tooth". But he need not get a fever with it.

If baby's mother is wise he won't.

Here is what one wise mother, Mrs. Archie Begbie, of Consecon, has to say: "We have not lost one night's rest through teething as I always use my old standby, Baby's Own Tablets. They are worth their weight in gold."

And Mrs. Alfred Hauser, of Guelph, Ont., says: "I have eight children, have used Baby's Own Tablets for 21 years, and find them very beneficial during teething."

Give these safe, little tablets at the first sign of teething fever. Sweet-tasting, easy to take, prompt in action, yet safe for the most delicate baby. Analyst's certificate in every package.

Effective in Constipation, Simple Fever, Diarrhoea, Upset Stomach, Colic, Simple Croup and Fretfulness. Get a box today. Sickness so often strikes in the night.

Your money back from your druggist if results don't satisfy you. 25 cents.


**Don't Forget Your Renewal**

*Notice was sent recently to all Countryman readers whose renewal subscriptions are due. Your prompt attention will be appreciated. Better look after it RIGHT NOW.*

Dispensing with the balloons the leader then placed a chair at the head of each line, about five yards from the first player. The first player ran up around the chair and then back to the end of his line, striking the upraised hand of the second player as he passed. This was the signal for the second player to run. The line which had its original head player back in position again was acclaimed winner. A variation of this relay was for the players to hop on one foot, holding the other foot by the hand. Another variation was to use a skipping rope as a mode of locomotion.

On the seat of each chair the leader now deposited a handful of letters of the alphabet (an anagram box provides plenty). "A spelling contest," he announced, "of three-letter words. Each player will take his turn in spelling whatever three-letter word I call out. The first word is 'Cat'." The line which had the leader's entire list spelled correctly was acclaimed winner.

Following this, the four lines were merged into two lines which took up their positions at opposite sides of the lawn. "Two Dogs and a Bone" was the next game. A bottle placed in the centre of the lawn equidistant from the two lines represented the "bone". At the leader's word, "Go!" the player standing at the extreme right of one line and the player standing at the extreme right of the other line moved diagonally up to the bottle. The object was to see which player could grab the bottle and run with it to his line without being tagged by his adversary. Should he be tagged, he dropped out of the game; should he reach home safely with the bottle, the other player dropped out. The game continued until one of the sides had no players left.

"Black and White" was the name of the next game. With the same two lines in the same position the leader named one line "Black" and the other "White". They came up to the centre, facing each other. The leader then threw into the air a square board painted black on one side and white on the other. If it fell with the black side down, then the line named "White" chased the "Blacks" back to their own territory, tagging some of them. Those tagged were forced to join the "Whites". And the game commenced again.

After the evening's exertion the young folks were glad to sit down and join in community singing while lunch was being served. Two or three competent song leaders, stationed at certain points in the circle, kept up a friendly rivalry between their groups. When lunch was over they all joined hands to give a hearty rendering of "Auld Lang Syne" —a grand finale to a memorable evening.

## At the Western Fair

(*Continued from page 8*)

attracted attention with its quaint childish figures.

The Women's Institutes of Western Ontario had some fine quilts on display with the Deleware branch receiving the red ribbon for senior work, followed by Brydges; while the Lakeside Institute had the honors on the junior quilt, seconded by Deleware. East Middlesex displayed the work they have been doing with antique furniture, showing articles before and after re-finishing.

Mrs. L. A. Coghill of Kingsville had charge of an interesting library in the same booth, featuring the work of our Canadian writers. Mrs. Coghill had work of her own in the collection, a poem of her granddaughter's, Margaret Helen Coghill, 10 years old, and work by her daughter, Gladys Coghill of Timmins, Ont. Lady Tweedsmuir honored the library by sending some of her work: Scent of Water and Reindeer at Christmas; Katherine Hale was represented in "The Island and other poems"; Jack Miner's book on himself and the birds was there; Johannah Hatwood's Marching, a story of the Women's Institute movemen, and Marjorie Pickthall's Book of Remembrance had a prominent place.

The Ontario Hospital used large photographs and posters to explain Metrazol "shock" treatment in a neighboring booth. "This drug developed in Austria," we read, "resembles camphor. Each injection produces a convulsion, but remarkable results follow." There is very careful nursing coupled with recreation and occupational therapy between treatments. "Mental illness," the posters continued, "is a form of delirium of personality disorder. More than 50 per cent of the patients admitted are returned home convalescent. Last year 326 were discharged from 484 admissions." "Most mental illness is preventable and curable," was the comforting conclusion. There are clinics, we learned, which assist physicians to keep people mentally well—an encouraging tendency of the times.

The Dominion Department of Agriculture exhibits was dominated by a large colored photograph of sheep grazing on the green hillside. Five of the commonest weeds causing that distressing malady, Hay Fever, were shown; ribgrass, pigweed, lamb's quarters, giant and common ragweed.

A highly educational exhibit for those who feed children was featured by the War Memorial Children's Hospital. At seven and a half cents a pound we can feed bananas which are rich in Vitamin C, for ten cents a quart milk furnishes an abundance of calcium for bones and teeth, brown bread at six cents a pound is rich in phosphorus, protein, iron, Vitamin B and calcium, while liver at fifteen cents a pound has an abundance of vitamins A, B and G, also protein, phosphorus, and iron.

There was a decided trend towards better health movements in various other booths. Queen Alexandra Sanitarium depicted the work that is being done to fight the scourge of tuberculosis, showing X-ray pictures of patients be-

(*Continued on page 19*)




*(To be colored with paints or crayons. Whenever you come to a word spelled in CAPITAL letters use that color.)*

YELLOW-HAIRED Susie May and BROWN-haired Teddy are going back to school again. Susie May has a big bunch of PINK (use RED lightly) roses and PURPLE asters. There are a few ORANGE (use RED and YELLOW mixed) color daisies, too, and GREEN leaves. The daisies have BLACK centres.

Susie May wears a RED Snow-White cap and a RED dress trimmed with GREEN peaked edging about the neck and short sleeves. Her socks are RED and her slippers BLACK.

Teddy wears a PINK blouse and BLACK tie and belt. His trousers are GRAY (use BLACK lightly). He has White socks and BROWN shoes. His cap is YELLOW.

"I see you have a nice RED apple for Teacher!" says Susie May.

"Oh, it's not for teacher. It's for us —at recess time!" replies Teddy.

"My slate is BLACK with a YELLOW border. Yours is BLACK with a RED border. I have a BLUE book under my slate," says Susie May.

"Look at the leaves! The oak, over your head, leaves are RED."




**WOMEN IN THEIR "40's"**

**Were Never Meant To Suffer Like This!**



HERE'S wonderful advice for women who dread hot flashes, dizzy spells, nervous hysteria, spells of "blues" and loss of pep. Life from 35 to 52 can be even richer than 20 ever dreamed if you'll only take a little extra care of yourself during this "change." And here's good sound advice:

Get more fresh air, 8 hours sleep and in case you need a good general system tonic rely on TIME-PROVEN Lydia E. Pinkham's Vegetable Compound, made *especially for women* from Nature's wholesome herbs and roots.

Pinkham's Compound helps Nature tone up delicate female systems, build more physical resistance and thus helps calm jangly nerves, lessen distress from female functional disorders and give you more PEP to enjoy life.

For over 60 years one woman has told another how to go "smiling thru" with Pinkham's—why not give it a chance to help YOU.

*Lydia E. Pinkham's*

VEGETABLE COMPOUND





**BARGAINS!**

A limited number of Gilson "Snow Bird" Demonstrator Washers. Latest Models. Refinished. Good as new. Full factory guarantee. Either Electric or Gasoline Engine. A wonderful opportunity. Less than cost. Easy terms if desired. Act quickly. Write today.

**Gilson Mfg. Co., Ltd.**

31 York St., Guelph

3



**WAITING FOR YOU!**

in town is your copy of this week's Toronto Star Weekly — don't forget it.




**DID YOU RECEIVE A NOTICE?**

If your renewal subscription to Canadian Countryman is due, you have received notice to that effect. It is our policy that a subscriber must be notified promptly on the expiration of his subscription. Also, it is our policy not to carry expired subscriptions very long in arrears. "Canada's Finest Farm Publication" leaves no stone unturned to give its readers remarkable big value. We ask, in return, that our readers see that their renewal subscriptions are sent in promptly.

If your renewal subscription to the Countryman is due — our recent notice gives date of expiration—please make sure that your remittance reaches us by first possible mail.

## Talky Tooter

(*Continued from page 10*)

and he hurried under a small pile of rocks in a hollow, re-appearing almost at once with a thin sheet of ice in his front paws.

"Ho! Ho! Ho!" laughed Old Judge Fuzzer, the bobcat. "That ice isn't strong enough to hold up a hoptoad."

"But it will freeze hard enough soon, I feel it in my bones," said the marten.

"And I can tell it by my fur coat," said the weasel. "It is getting whiter and whiter every day."

The last word had no sooner been spoken by the weasel when he and the marten leaped hurriedly to the shelter of Marty's stone pile on top of which a large bird alighted

(*Continued*)

(All rights reserved.)

## Letters of a Countrywoman

(*Continued from page 8*)

Now, about the family? Dick is five pounds better than he was two weeks ago. He has been drinking an extra pint of milk a day—between meals. He was below normal, but looks quite five pounds better now. Phyllis looks like a carefree girl again; in looks at any rate she has thrown off several years. The girls are good little housekeepers, and have done their share to bring about this good result. They are clever little dressmakers, too.

Of course I must record a mishap or you might be disappointed. Last week I lost my mail-box key, and although we turned the contents of the house upside down, still no sign. We had to ask the Post Office people to get our mail from the box, and I hated to bother them. When I was doing some washing with the machine I heard something rattling about; put my hand into the soapsuds and fished out the key. Blest if I know how it got there.

I've used up all my space so must sign off.

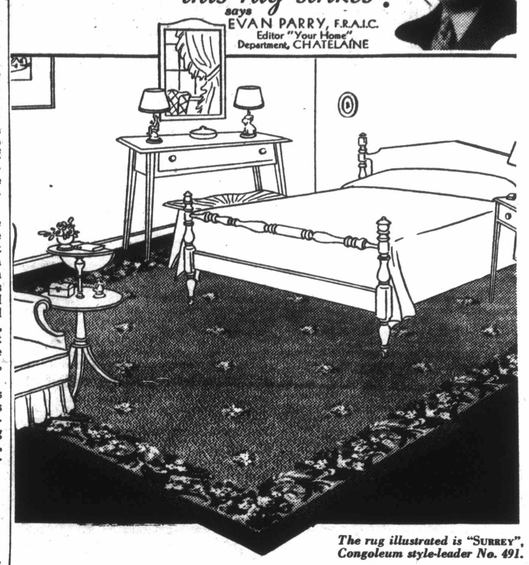
As ever,

[illegible]TORIA.


*I like the* **NEW NOTE** *this rug strikes!*

says EVAN PARRY, F.R.A.I.C. Editor "Your Home" Department, CHATELAINE





*The rug illustrated is "SURREY", Congoleum style-leader No. 491.*

**"This pattern is one of the most attractive Congoleum has ever produced," says Evan Parry. "The simple design with an old rose background is a new note. This rug can also be used in rooms other than bedrooms." ¶ What Evan Parry says of the pattern illustrated above is true of the whole Congoleum Fall line: these rugs are beyond question the smartest, most colourful Congoleum designers have ever evolved. ¶ See these sensational patterns at your dealer's—and remember— Congoleum Gold Seal Rugs have many other advantages: they are *easy-to-clean*—a damp mop keeps them spotless—they *lie flat* without *fastening of any kind*— and they are surprisingly inexpensive. Look for the Gold Seal when buying: it is your *only guarantee* of complete satisfaction.**

**CONGOLEUM CANADA LIMITED, Montreal**

*Congoleum* GOLD SEAL RUGS

THIS IS A CONGOLEUM GOLD SEAL RUG SATISFACTION GUARANTEED OR YOUR MONEY BACK

**FREE!** For free illustrated booklet on Home Decoration by one of Canada's foremost authorities, clip and mail attached coupon.

CONGOLEUM CANADA LIMITED, 3700 St. Patrick St., Montreal, Que.

Please send me your free illustrated booklet on Home Decoration.

CC-2

Name _____

Address _____



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES

ARCHIVES PUBLIQUES

CANADA

120115

# Review of the Market Situation

## Cattle, Hog and Lamb Prices Closed Lower
## Reduced Supplies Send Potatoes Higher

OTTAWA—The cattle market experienced rather a dull and draggy session at all centres last week and considerable ground was lost in a price way. Dullness in the trade at Toronto was apparent on both plain cattle and stockers and prices on most grades were down 15c to 25c, although the offering was no heavier than during the previous week. In the West, receipts were fairly liberal and quality none too good. The result was a market that was rather disappointing to shippers, especially after the previous week's fairly active trade. Prices throughout the West were anywhere from 25c to 50c lower with nearly all classes sharing in the decline. Several Eastern orders for store cattle remained unfilled at Winnipeg, the quality desired not being readily obtained.

The Buffalo market was off 25c or more, with grass cattle extremely slow. Some sales of Canadian steers were made between $8 and $9 cwt., with most loads going from $8.50 up. A few Canadian calves were sold from $12 cwt. downward. Recent quotations at St. Paul on good Canadian cows were $6.60 and grass steers up to $7.90.

Exports to the United States during the week consisted of 1,298 beef cattle, 384 dairy cows and 869 calves, making the totals to date this year 35,834 beef, 7,768 dairy, 37,032 calves, and 95 hogs, as compared with 148,148 beef, 9,220 dairy, 85,960 calves, and 59,832 hogs in the corresponding period a year ago.

Trade on fat cattle was generally dull on British markets last week, with prices easier and ranging from 40s. 6d. to 42s. 6d. per live hundredweight (112 lbs.). Store cattle sales were disappointing also but good quality dairy cows and heifers in milk continue dear. The demand for these latter continues strong at good prices.

No Canadian cattle have left ports since Friday, September 9. Exports to date this year amount to 36,177, compared with 6,547 in the corresponding period last year.

### Bacon Steady Overseas

Prices in shillings per 112 lbs.

| | Week ended Sept. 15 | Previous week | Same wk 1937 |
|---|---|---|---|
| Can. bacon .... | 91-93s. | 91-93s. | 96-100s. |
| Danish ..... | 95-98s. | 95-98s. | 104-106s. |
| English ..... | 95-98s. | 95-98s. | 100-105s. |
| Swedish ..... | 93-96s. | 93-96s. | 104-106s. |
| Dutch ..... | 95-96s. | 95-98s. | 104-106s. |
| Belgian ..... | 94-96s. | 94-96s. | 96-100s. |
| Can. hams ..... | 96-98s. | 96-98s. | 106-107s. |

### Cattle Slow After Drop

NO improvement occurred in the Toronto cattle trade, up to 2 p.m. Monday. Rather conditions looked worse. Besides 700 stale cattle, fresh offerings numbered 4,600 head, including 1,500 from the West.

Only about 400 cattle had been sold by 2 p.m. Not enough butchers were included to establish a market, though odd lots were taken at $4 to $5.75 cwt. by small buyers. No weighty steers and no bulls had been sold and few cows. Cows were being weighed at $3 to $4.25, with some canners $2.25 to $2.50.

Fed calves were moving to the killing pens at about-steady prices, choice making $9 to $9.50 and medium downward to $6.50 cwt.

The few loads of stockers sold mostly went to speculators at $4 to $5.15 cwt.

Last week, Toronto sold 6,321 cattle, including 1,000 Westerners, mostly stockers. Trade was dull throughout on both killers and stores, with prices down 15c to 25c on steers, heifers, and bologna bulls. Small butcher operators were fairly well represented but the larger abattoirs did not take their usual quota. Weighty steers proved the slowest movers, several loads remaining unsold. One load of steers made $7, with others between $5 and $6.50 cwt. Good butcher steers and heifers opened at $6.25 for tops but later no sales were made above $6 and the bulk went at $4.50 to $5.75. Cows held steady at $3 to $4.50, with canners $2.25 to $2.50. Fed calves unchanged between $6 and $9.50. Stockers eased slightly at $4 for common, up to $5.15 for picked lots, and $5.25 for some feeders. Milkers and springers steady up to $70 and $75 each.

Montreal cattle sales totalled 2,707 on the two markets. All grades were well represented and plain to medium butchers declined 25c, with other kinds fairly steady. Good steers mostly made $6 to $6.65 cwt., some up to $7, mediums $5 to $5.50, and common generally $4 to $4.90. Heifers ranged between $2.50 and $5.50, butcher cows $3 to $4.75, canners and cutters $2 to $2.75. Bulls were lower in both quality and price, ranging from $2.50 to $4.25.

Winnipeg weighed up 5,062 cattle. Quality was generally plain to medium with few finished steers showing. Trade proved draggy on all butcher steers and top cows and there was a fairly heavy carryover of these classes. Top cows were 25c to 50c lower. Most action was displayed on medium cows, these selling fairly steady from $2.50 to $3. Canners and cutters sold steady from $1.75 to $2. Odd choice steers topped at $6. The bulk of the good butcher steers brought $5 to $5.50 and the plainer end from $3.50 to $4.50. Only a few cows were eligible to sell up to $3.75. Stocker quality was plain and light kinds held steady with the bulk at $3.50 to $4.25 and odd tops $4.50. Plain heavy feeders were weak in sympathy with butcher cattle.

### Chicago Cattle Market

CHICAGO—The fed steer and yearling market gave a very good account of itself last week, and probably the outstanding feature of the trade was the scarcity of medium-weight and weighty steers of all grades. Receipts of cattle at Chicago were 14,000 larger than a week earlier, but the principal part of the increase was accounted for in a run of Westerns that amounted to about 12,000 head. Most of the Western crop consisted of well-bred mountain, Wyoming and Colorado stockers and feeders, hence the supply of killers was not much larger than the previous week. Strictly choice and prime fed steers and yearlings met an active demand from all interests and medium-weight and weighty kinds closed the period strong to 25c higher, quality considered. All yearling cattle remained steady but prime little yearlings were a little better. Killers were inclined to fight the market on most sessions and slowness was the keynote, particularly on steers and yearlings of value to sell at $9.00-$11.00, and steers within this price spread closed the period weak to 25c lower. Medium grade weighty offerings in instances showed more loss. Common and medium grade grass cattle, the supply of which consisted largely of natives and a few Western killers, held about steady. The week's top again stood at $13.35 cwt.

The way killers bought everything with weight and often substituted when weight was not available would suggest that the fed steer market is in a healthy condition, and many in the trade feel that prices are going still higher. Despite the increase in numbers, beef tonnage was not large last week, and this probably had a stimulating effect upon a rather dependable wholesale market.

### Veal Calves Advanced

VEALERS remained the one bright spot at Toronto, Monday, when receipts numbered 1,500. With 600 to 800 head being exported across the line weekly, demand continued steady to firm. Choice same week last year. Totals to date this year 2,170,622; last year, 2,687,970.

Toronto hogs dropped 35c to 50c, bacons closing at $9.25 to $9.40 cwt. off trucks but mostly at $9.35.

Hamilton packers' prices opened at $9.75 alive and $12.50 to $13.25 dressed and closed at $9.25 and $12.50 to $12.85 for bacons. London paid $9 alive. Brantford opened at $9.15, closed at $9 alive. Guelph paid $8.75 alive, $12 dressed. Kitchener $8.80 and $12. Stratford opened $12, closed at $12.25 dressed. Barrie opened $9.25 alive, $12.65 dressed, and closed $9.10 and $12.40. Peterboro opened $9.25 and $12.50, closed $9 and $12.25. Hull opened $9.25 and $12.65, closed $9 and $12.30. Moncton paid $9.40 and $12.70.

Montreal sold bacons at $9.75, fed and watered, with odd sales up to $10 and truck hogs at $10. Rail grades brought $13.50.

### Hides, Wool and War

THE hide trade is watching Europe. Buyers are afraid to take on further commitments, fearing a downward reaction in the event of a settlement of Europe's more pressing problems. On the other hand, holders of hides and wool are not anxious to sell, as a war would start prices climbing. So little trading is taking place. Prices remained unchanged, as follows, delivered Toronto:

Green country hides, 5½c lb.; cured, 6½-6¾c. Green country calf skins, 8c. Green country kip skins, 7c. Lamb skins, 25-50c each. No. 1 and 2 horse hides, $2.00 each; No. 3, $1.00. Horse hair, 32c lb. Unwashed fleece wool, 12-13c lb.; rejects, 9c. Tallow, No. 1, 3c lb.

### The Wheat Situation

WAR clouds are commonly a signal for higher grain prices, and last week proved no exception. Wheat advanced quite sharply from recent lows, later lost part of the gains as tension eased, but strengthened further at the close, when European conditions appeared to take a turn for the worse.

At Winnipeg, the October wheat future closed 4¼c higher, with slightly lesser gains on more distant options, wheat for delivery next May rising 3¾c. Dealers' quotations for Ontario winter wheat showed some variation, but ranged 1 to 4c per bushel higher.

The Argentine surplus available for export was officially estimated at 24,726,000 bushels. Russian offers were again withdrawn, according to trade reports. Recent Russian shipments have been of poor quality which sold at very low prices. Germany grain is a buy now; that it is unlikely to go much lower.

Settlement of the European situation might bring a temporary easing in grain and flour prices, of course. Meanwhile, however, flour, millfeed and concentrate quotations closed approximately at the same levels as the previous week-end. A fair demand for Canadian millfeeds is coming from the States, mostly for bran.

United States feedstuff markets firmed during the second week of September, influenced principally by advances in feed grains. Wheat millfeeds were in better request and averaged about 75c per ton higher. High-protein feeds were irregular. Cottonseed and linseed meals eased slightly, while soybean meal sold higher for immediate shipment but held unchanged for deferred delivery. Gluten feed and meal were quoted lower. Changes in other feeds depended mostly upon local conditions of supply and demand.

The U.S. index of wholesale feedstuff, prices advanced to 90.8 (1935-36 = 100), compared with 89.4 the previous week and 95.5 a month back.

### Potatoes, Turnips, Etc.

REDUCED receipts pushed potatoes to a high of 90c per 90-lb. bag for No. 1 Ontarios last week. The advance resulted in dealers getting busy to uncover fresh sources of supply, and delivery of these potatoes weakened quotations. Thereupon some who had been holding back dumped further offerings on the market, so that week-end prices were about 10c a bag under last week's high time.

On Monday morning No. 1 Ontario potatoes were quoted at 75 to 80c per bag . . . with receipts not overly plentiful, as the late crop is not yet quite ready, though being dug in a limited way. Heavy frost in north-central areas of the province is expected to reduce yields.

Some New Brunswick Mountains are due to arrive this week, costing 90c per bag delivered. P.E.I. potato shippers are asking $1.05 Toronto, with no takers.

The Federal Fruit Branch states that blight is present in many Prince Edward Island fields. Concerning New Brunswick potato conditions the Ottawa report, dated Sept. 15, said: "Digging under way but not general until next week. Yield reported much below average due to large percentage of late blight, although quality commercial stock said to be good. Wire enquiry demand showing some improvement."

One Ontario turnip exporter told us that he had not paid less than 15c per bushel to growers last week, while a second called the price 13 to 15c, with emphasis on the 13c.

Said Exporter No. 1: "Growers are pushing turnips on the market too fast, thus making the situation bad. While demand was fairly good last week, it is off to-day (Monday)."

A heavy percentage of waxed turnips are being shipped from some Ontario points, with waxing plants at Centralia and Exeter getting under way last week.

The P.E.I. turnip price was reported at


C. I. COULTER & CO.
Members the Toronto Stock Exchange

Every one of our clients knows from experience that the full resources of our organization are at his service either in securing information, answering inquiries or executing orders.

TRUSTS & GUARANTEE BLDG.
302 BAY STREET - TORONTO
Orders Executed on All Exchanges
ADelaide 9461

GUNS About 150 Models to Choose From
PLEASE NOTE SPECIAL PRICE
A. L. & W. "Falcon" Double Barrel Hammerless Gun, 12 gauge. Canada's greatest gun value ..... $29.85
9 Guns in one. Write for booklet on New Super Poly Choke, and universal finger adjustable Choke for repeating Shot Guns. Fitted complete ..... 18.75
New 72-page Gun Catalogue now ready. Send for your free copy.
Allcock, Laight & Westwood, Co., Ltd.
234 Bay Street, Toronto

The CO-OP TRACTOR
MEETS EVERY DEMAND
See it at Country Fairs
UNITED FARMERS' CO-OPERATIVE
Duke and George Streets, Toronto




13c per bushel to growers on Monday, though 35 cars were shipped to Boston last week, at 14c per bushel.

Export demand firmed beans. Handpicked whites were called $1.20 per bushel, f.o.b. shipping point, with some asking $1.25. Yellow-eyes, $2.

Onions were firm, $1.05 per 100 lbs. being asked for No. 1 yellows, 1¾ inches up.

A member of the seed trade told us that alsike seed good enough to make No. 1 Canadian grade was bringing up to $6 per bushel in well-threshed form. Alsike that could be cleaned into export grade was worth as much as $5. Seed containing trefoil and sweet clover, he said, was only bringing around $2 per bushel.

The crop of red clover seed looks big, and no real market basis has yet been established. Some fairly good seed was reported sold at $4.50 to $5.50 per bushel in the rough.

Alfalfa seed is expected to be scarce, and little was carried over. Some well threshed seed has been sold at $7.50 to $9 per bushel, with as high as $10 paid.

Sweet clover seed is very low, one man quoting us $1 to $1.40 per bushel in the country.

Demand for hay remained at a low ebb, with no change in prices. No. 2 timothy nominal at $10 to $11 ton, delivered Toronto, and No. 3, $8 to $9. Oat straw, $5 ton delivered, and wheat $6.

### Dairy and Poultry Produce

BUTTER prices showed little net change from the previous week's closing level. No. 1 Ontario creamery solids were quoted, Monday morning, at 22½c lb., delivered Toronto. Heavy stocks and liberal production remained depressing factors.

No. 1 cream was quoted at 22 to 23c lb. butter-fat on truck.

The underlying tone of the United States butter market continued to improve last week, though the price was only 26¼c lb. in New York on Sept. 16.

Large cheese was quoted at 14½ to 14½c lb. Toronto, Monday, a.m.

When Toronto egg prices got above the Montreal level last week, receipts started to move from the East to Toronto. Normally Montreal is about a cent above Toronto. This situation caused an easier trend in Toronto, with prices of A-large and A-medium closing a cent or two under last week. However, pullet eggs advanced, consumers turning to them because of the higher prices of larger eggs.

Receipts of chickens continued heavy at Toronto, especially the lighter weights. Trade is generally slow, with prices declining on light weights.

### Cheese Board Prices

AT Alexandria, last Saturday, 2,036 boxes of white cheese sold at 13 3-4c lb.; 277 colored and 115 colored triplets, 13 13-16c. Belleville, 1,670 white 13 7-8c, 919 colored 13 13-16c. Campbellford, 814 white, 805 colored, 13 3-4c. Casselman, 1,210 white, 13 3-4c. Cornwall, 377 white 13 3-4c, 1,362 colored 13 3-4 to 13 13-16c. Delta, 1,332 white 13 13-16c to 13 3-4c, 279 colored 13 13-16c.

Finch, 179 white 13 3-4c, 555 colored 13 13-16c. Iroquois, 571 white 13 11-16c, 719 colored 13 13-16c. Lanedowne, 123 white, 449 colored, 13 13-16c. Madoc, 845 white 13 7-8c. Napanee, 1,650 white, 250 colored 13 13-16c. Ottawa, 196 white 13 3-4c, 260 colored 13 13-16c. Perth, 630 white 13 13-16c.

### Cash Grain

FOLLOWING are last Saturday's closing quotations for carlots of Western cash grain, on the basis of c.i.f. bay ports:

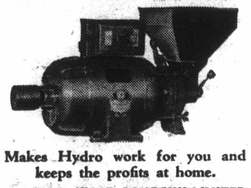
No. 1 Northern wheat, 71¼c; No. 2 Northern wheat, 69¼c; No. 3 Northern wheat, 68c; No. 4 Northern wheat, 63¼c.

No. 2 C.W. oats, 36½c; No. 3 C.W. oats, 34½c; No. 1 feed oats, 33½c.

No. 3 C.W. barley, 40¾c.

No. 1 feed screenings, $12.50 per ton; No. 2 feed screenings, $11 per ton.


Wood's Electrical Farm Equipment



Makes Hydro work for you and keeps the profits at home.
THE W. C. WOOD COMPANY LIMITED
2482 Dundas St. West, Toronto, Ont.


**Grain Futures, Winnipeg, September 17:**

Wheat—Oct., 66⅛c; Nov., 66¾c; Dec., 66c; May, 69⅛c.

Oats—Oct., 31⅛c; Dec., 29⅞c; May, 31⅜c.

Barley—Oct., 36¾c; Dec., 37c; May, 38⅛c.

Flax—Oct., $1.38. Rye—Oct., 41¾c.

### Ontario Grains, Wholesale

ON Saturday Ontario grains were quoted at the following prices, f.o.b. shipping point:

Wheat, weighing 58 lbs. or better per bushel, 53-57c; oats, No. 3 white, weighing 27 lbs. or better, 24-29c; feed barley, 45 lbs. up, 33-36c; corn, 60-65c; rye, 38-40c; malting barley, 48 lbs. or better, 42-44c; buckwheat, 40-41c.

### Flour, Concentrates and Grain

MANITOBA first patent bread flour, $2.67⅛ per (cotton) bag ($5.35 bbl.) in mixed cars delivered, second patent bread flour, same basis, $2.42½ per bag ($4.85 bbl.), winter wheat flour, $1.95 per bag ($3.90 bbl.); bran, in mixed cars, delivered, $17.00 ton; shorts, $19.00 ton; white middlings, same basis, $27.00. Ton lots at mill or warehouse door: Bran, $16.00; shorts, $18.00; middlings, $26.00.

Gluten feed, 29% protein, $29.00 ton in less carlots, f.o.b. Port Credit, or in ton lots at Toronto warehouse.

Oil cake, 33% protein, $38.00 ton, f.o.b. mill, Toronto, in carlots; $41.00 in ton lots. Oil cake, 38-40% P., from Canadian flax, $39.00 ton in carlots, f.o.b. Baden, or $40.50 ton, Toronto; less carlots, $1.00 ton more.

Cottonseed meal, 41% protein, $32.00 ton, in carlots, delivered Toronto, and $35.00 ton in less carlots.

Ontario-grown soybean oilcake meal, high protein, $33.00 ton in carlots, f.o.b. Baden, or $34.00 Toronto; $1.00 ton more in ton lots.

Whole yellow corn, 14% moisture, in 100-lb. bags, $34.00 ton, at elevator. Ground corn, $35.00 ton, and cracked corn, $36.00.

### Miscellaneous Feeds

SALT, carlots, f.o.b. factory — No. 1 fine, $4.83 per ton, bulk; No. 1 fine, barrels, $1.09; No. 1 fine, 100-lb. sacks, 29c; No. 1 coarse, $7.27 per ton, bulk; No. 1 coarse, 100-lb. bags, 38c; block, 50 lbs., plain, white, 24c each; block, iodized, 18c each; dairy salt, 50-lb. sacks, 23c each; table salt, 280-lb. (net) barrels, 20 x 14, $2.01 bbl. (All salt prices net f.o.b. factory).

Poultry prices f.o.b. warehouse, Toronto: 100-lb. bags of coarse or fine salt, 57c cwt.

Sulphur, $3.00 cwt., or 4c lb. Epsom salts, $3.00 cwt., or 4c lb. Glauber salts, $2.50 cwt., or 3c lb. Hydrated lime, for spraying, $16 ton, 45c per 50 lbs. Ground limestone, 80-lb. paper bags, $6.25 ton, 30c per 80 lbs.

Molasses, one barrel (45 to 50 gals.), 19c gal.; half barrel of 25 gals., 22c gal.; 5-gal. cans, $1.60. Tins returnable.

Digester tankage, 69% protein, $52 ton or $2.70 cwt. Digester tankage, 50% protein, $46 ton or $2.40 cwt. Meat meal, 50%, $43 ton or $2.25 cwt. Meat scraps, 60%, $52 ton or $2.70 cwt.; 55% hog concentrate, $43 ton or $2.25 cwt.; pig starter, $43 ton, $2.25 cwt.; pig grower, $37 ton, $1.85 cwt.

White fish meal, 70% protein, $72 ton or $3.70 cwt.

Special bone meal for cattle or poultry, $51 ton, $2.55 cwt. Bone char, 100-lb. bags, $42 ton, or $2.10 cwt.

Poultry grit, $12 ton or 75c cwt. Oyster shell, hen or chick, $16 ton or 90c cwt. Oyster shell substitute, $10-$11 ton or or 60-75c cwt.

### Toronto Poultry Prices

For week ending September 23

| | Alive | Dressed |
|---|---|---|
| Spring Chicks— | Sel. A | Sel. A M.F. B. |
| 6½ lbs. up .... | .17 | .21* .... |
| 5½-6½ lbs. .... | .16 | .20 .... |
| 5-5½ lbs. ..... | .15 | .19-.20 .... |
| 4-5 lbs. ..... | .14 | .18-.19 .... |
| 3-4 lbs. ..... | .12 | .16-.17 .... |
| Broilers— | | |
| 2-3 lbs. ..... | .14 | .18-.20 .... |
| 1½-2 lbs. ..... | .12 | .15-.20 .... |
| 1-1½ lbs. ..... | .... | .15 .... |
| Hens— | | |
| 5 lbs. up ..... | .15 | .17 .... |
| 4-5 lbs. ..... | .14 | .15-.16 .... |
| 3½-4 lbs. ..... | .12 | .14-.15 .... |
| Under 3½ lbs. | .11 | .13-.14 .... |
| Roosters ..... | .10 | .12* .... |
| Young Ducks, white, over 5 lbs., free of pin feathers | .17 | .20 .... |
| Ducks, yearlings | .10 | .... .... |
| Turkeys, yearlings— | | |
| Hens ..... | .15 | .18 .... |
| Toms ..... | .13 | .16 .... |
| Old ..... | .10 | .12 .... |

*One wholesaler quotes B grade 2c lb. under selected A; C, 3c under B. He also discounts red and black feathered birds.

### Montreal Poultry Trade

MONTREAL—Live poultry developed a weaker tone last week. Receipts increased considerably and with demand slow some accumulation of stocks took place. Poorly finished birds are still hard to move, the demand being for heavy, good-quality birds. Chickens, 5 lbs. up, wholesaled at 18-20c lb.; 4½-5 lbs., 16-18c; 4-4½ lbs., 14-16c; under 4 lbs., 13-15c. Fowl, 5 lbs. up, 17-18c; 4½-5 lbs., 15-17c; 4-4½ lbs., 13-15c; under 4 lbs., 11-13c. Old roosters, 11-13c. Young ducks, 5-6 lbs., 17-19c; 4-5 lbs., 16-17c; 3-4 lbs., 15c. Paying prices to shippers are approximately 1 to 3c below wholesale quotations.

The dressed poultry market was steady with fresh-killed fowl continuing in good demand.

### Fresh Eggs—Delivered

Prices per dozen, week ending Sept. 17

| | Toronto Gr. | Toronto Ungr. | Montreal Gr. | Montreal Ungr. |
|---|---|---|---|---|
| A—large | .35 | .33-.34 | .37 | .35-.36 |
| A—med. | .34 | .32-.33 | .35 | .33-.34 |
| Pullets.... | .29-.31 | .26-.28 | .30 | .26-.30 |
| B—..... | .26-.27 | .24 | .26-.26½ | .23-.24 |
| C—..... | .21-.22 | .18 | .21 | .20-.21 |

## Sheep Awards at London

### Shropshires

Judge—L. Orbell.

Awards—Ram, 2 years and over: 1, F. W. Gurney, Paris; 2, George S. Brien & Sons, Ridgetown; 3, W. H. Beach & Sons, Port Dover; 4, Orval McGowan, Blyth. Ram, yearling: 1, Gurney; 2 and 5, H. Noel Gibson, Mt. Brydges; 3, Barrett; 4, Brien. Ram, lamb: 1 and 4, Gurney; 2, William G. Seabrook; Komoka; 3, Barrett; 5, Gibson; 6, Brien.

Champion Ram: F. H. Gurney.

Ewe, 2 years and under 3: 1 and 3, Gibson; 2 and 4, Brien. Ewe, yearling: 1 and 3, Gurney; 2 and 4, Gibson; 5, Barrett. Ewe, lamb: 1, 4 and 6, Gibson; 2 and 5, Gurney; 3, Barrett.

Champion Ewe: H. N. Gibson.

Pen, 3 ewe lambs: 1, Gibson; 2, Barrett; 3, Brien. Pen, 3 ram lambs: 1, Barrett; 2, Gibson; 3, Brien. Open flock: 1, Gurney; 2, Gibson; 3, Barrett. Wether lamb: 1, Brien; 2, Gibson.

### Southdowns

Judge—L. Orbell.

Awards—Ram, 2 years and over: 1 and 4, Wm. Knight & Sons, Mull; 2, J. B. Kennedy, Ilderton; 3, Peter Cameron & Sons, Thamesville. Ram, yearling: 1 and 4, Kennedy; 2, Knight; 3, D. E. McEwen, London, Ont.; 5, Cameron. Ram, lamb: 1, Kennedy; 2 and 3, Knight; 4, McEwen; 5, Wm. E. Gates, Glencoe; 6, Cameron.

Champion Ram: Wm. Knight & Sons.

Ewe, 2 years and under 3: 1, Kennedy; 2, Knight; 3, Gates; 4, Kennedy. Ewe, yearling: 1, Knight; 2, McEwen; 3 and 4, Kennedy; 5, Gates. Ewe, lamb: 1 and 6, Knight. 2, Kennedy; 3, McEwen; 4, Gates; 5, Kennedy.

Champion Ewe: Wm. Knight & Sons.

Pen, 3 ewe lambs: 1, Knight; 2, Kennedy; 3, McEwen. Pen, 3 ram lambs: 1, Knight; 2, Gates; 3, Kennedy. Open flock: 1, Knight; 2, Kennedy; 3, McEwen. Wether lamb: 1, Gates; 2, Cameron; 3, McEwen.

### Hampshires

Judge—L. Orbell.

Awards—Ram, 2 years and over: 1, F. C. Willmott & Son, Milton; 2, J. E. McKinnon, Milton. Ram, yearling: 1, Willmott; 2, R. B. Glaspell Bowmanville; 3, F. W. Gurney, Paris; 4 and 5, Ernest Robson & Sons, Denfield. Ram, lamb: 1, 5 and 6, Willmott; 2, Glaspell; 3 and 4, Robson.

Champion Ram: F. C. Willmott & Son.

Ewe, 2 years and under 3: 1, Willmott; 2, Gurney; 3, Robson. Ewe, yearling: 1, Willmott; 2, Robson; 3 and 4, Gurney. Ewe, lamb: 1, Gurney; 2 and 6, Robson; 3, 4 and 5, Willmott.

Champion Ewe: F. W. Gurney.

Pen, 3 ewe lambs: 1, Willmott; 2, Robson; 3, Glaspell. Pen, 3 ram lambs: 1, Willmott; 2, Robson; 3, Glaspell. Open flock: 1, Willmott; 2, Gurney; 3, Robson. Wether lamb: 1, Robson; 2, Willmott.

### Oxford Downs

Judge—T. R. Peacock.

Awards—Ram, 2 years and over: 1, Rockwood Boys and Girls Club, Rockwood; 2 and 3, Welland Securities Ltd., Niagara Falls, Ont. Ram, yearling: 1, Alex Salmon, York; 2 and 5, Welland Securities; 3 and 4, Rockwood Boys and Girls Club. Ram, lamb: 1, 2, 3 and 4, Welland Securities; 5 and 6, Salmon.

Champion Ram: Alex Salmon.

Ewe, 2 years and under three: 1, Salmon; 2, 3 and 4, Welland Securities. Ewe, yearling: 1, 3, 4 and 5, Welland Securities; 2, Salmon. Ewe, lamb: 1, 2 and 3, Welland Securities; 4, 5 and 6, Salmon.

Champion Ewe: Welland Securities.

Pen, 3 ewe lambs: 1, Welland Securities; 2, Salmon. Pen, 3 Ram lambs: 1, Welland Securities; 2, Salmon. Open flock: 1, Welland Securities; 2, Salmon.

### Lincolns

Judge—A. Thomson.

Awards—Ram, 2 years and over: 1, Stanley A. Graham, Alvinston; 2 and 3, H. M. Lee, Highgate; 4 and 5, R. and I. Goddard, Denfield. Ram, yearling: 1, Graham; 2, Lee; 3 and 4, Goddard. Ram, lamb: 1 and 2, Graham: 3 and 4, Goddard; 5 and 6, Lee.

Champion Ram: Stanley A. Graham.

Ewe, 2 years and under 3: 1, Goddard; 2, Graham; 3 and 4, Lee. Ewe, yearling: 1, Lee; 2 and 4, Goddard; 3 and 5, Graham. Ewe, lamb: 1 and 2, Graham; 3, 4 and 5, Goddard; 6, Lee.

Champion Ewe: R. and I. Goddard.

Pen, 3 ewe lambs: 1, Goddard; 2, Graham; 3, Lee. Pen, 3 ram lambs: 1, Graham; 2, Goddard; 3, Lee. Open flock: 1, Graham; 2, Goddard; 3, Lee; 4, Graham.

### Leicesters

Judge—A. Thomson.

Awards—Ram, 2 years and over: 1 and 3, Ephraim Snell, Clinton; 2, Wm. Clarkson & Sons, Weston; 4, Thomas Welsh, Mooretown. Ram, yearling: 1 and 2, Snell; 3 and 5, Welsh; 4, Clarkson. Ram, lamb: 1 and 3, Welsh; 2, 4 and 6, Snell; 5, Clarkson.

Champion Ram—Ephraim Snell.

Ewe, 2 years and under: 1, Clarkson; 2, Welsh; 3 and 4, Snell. Ewe, yearling: 1 and 5, Welsh; 2 and 3, Snell; 4, Clarkson. Ewe, lamb: 1, 3 and 5, Snell; 2 and 6, Welsh; 4, Clarkson.

Champion Ewe: Thomas Welsh.

Pen, 3 ewe lambs: 1, Snell; 2, Welsh; 3, Clarkson. Pen, 3 ram lambs: 1, Snell; 2, Clarkson. Open flock: 1, Snell; 2, Welsh; 3, Clarkson. Wether lamb: 1, Clarkson; 2, Snell.

### Cotswolds

Judge—A. Thomson.

Awards—Ram, 2 years and over: 1, Norman Park, Tavistock; 2, Fred and Roscila Cole, Stouffville; 3, F. B. Glaspell & Son, Hampton; 4, Chas. J. Shore, Glanworth. Ram, yearling: 1, Glaspell; 2 and 5, Shore; 3, Park; 4, Cole. Ram, lamb: 1 and 2, Shore: 3 and 5, Glaspell; 4, Cole; 6, Park.

Champion Ram: F. B. Glaspell & Son.

Ewe, 2 years and under 3: 1 and 4, Shore; 2, Park; 3, Glaspell. Ewe, yearling: 1, Glaspell; 2, 3 and 4, Shore; 5, Cole. Ewe, lamb: 1, 2 and 4, Glaspell; 3 and 5, Shore; 6, Cole.

Champion Ewe: Chas. J. Shore.

Pen, 3 ewe lambs: 1, Glaspell; 2, Shore; 3, Park. Pen, 3 ram lambs: 1, Shore; 2, Glaspell; 3, Park. Open flock: 1, Glaspell; 2, Shore; 3, Park. Wether lamb: 1, Cole; 2, Park; 3, Shore.

### Dorset Horned

Judge—Noel Gibson.

Awards—Ram, 2 years and over: 1, Cecil Stobbs, Wheatley; 2, Orval McGowan, Blyth; 3, P. E. Dearing, Exeter. Ram, yearling: 1 and 3, Stobbs; 2 and 4, Dearing; 5, McGowan. Ram, lamb: 1, 6 and 6, Stobbs; 2 and 3, Dearing; 4, McGowan.

Champion Ram: Cecil Stobbs.

Ewe, 2 years and under 3 years: 1 and 4, Stobbs; 2, Dearing; 3, McGowan. Ewe, yearling: 1, McGowan; 2 and 5, Dearing; 3 and 4, Stobbs. Ewe, lamb: 1, 3 and 4, Stobbs; 2 and 6, Dearing; 5, McGowan.

Champion Ewe: Orval McGowan.

Pen, 3 ewe lambs: 1, Stobbs; 2, Dearing; 3, McGowan. Pen, 3 ram lambs: 1, Stobbs; 2, Dearing; 3 McGowan. Open flock: 1, Stobbs; 2, Dearing; 3, McGowan. Wether lamb: 1, McGowan; 2, Stobbs.

### Suffolks

Judge—Noel Gibson.

Awards—Ram, 2 years and over: 1, Wm. Clarkson & Sons, Weston; 2, Beath Farms, Oshawa. Ram, yearling: 1 and 4, Clarkson; 2 and 3, Beath. Ram, lamb: 1, 2 and 3, Beath; 5 and 6, Clarkson.

Champion Ram: Wm. Clarkson & Sons.

Ewe, 2 years and under 3 years: 1 and 3, Beath; 3 and 4, Clarkson. Ewe, yearling: 1, 3 and 4, Beath; 2, Clarkson. Ewe, lamb: 1 and 4, Clarkson; 2, 3, 5 and 6: Beath.

Champion Ewe: Beath Farms.

Pen, 3 ewe lambs: 1, Beath; 2, Clarkson. Pen, 3 ram lambs: 1, Beath; 2, Clarkson. Open flock: 1, Beath; 2, Clarkson. Wether lamb: 1, Clarkson.

### Cheviots

Judge—Noel Gibson.

Awards—Ram, 2 years and over: 1, 2, and 4, Robert G. Charter, Blackwater; 3, William Milne, Wheatley. Ram, yearling: 1, Milne; 2 and 3, Charter. Ram, lamb: 1, 2, 4 and 5, Charter; 3 and 6, Milne.

Champion Ram: Robert Charter.

Ewe, 2 years and under 3 years: 1 and 4, Milne; 2 and 3, Charter. Ewe, yearling: 1, 2 and 4, Charter; 3 and 5, Milne. Ewe, lamb: 1, 2, 3 and 4, Charter; 5 and 6, Milne.

Champion Ewe: William Milne.

Pen, 3 ewe lambs: 1, Charter; 2, Milne. Pen, 3 ram lambs: 1, Charter. Open flock: 1, Charter; 2, Milne. Wether lamb: 1, Charter.

### Sale Dates

SATURDAY, OCTOBER 1. — Shorthorns. Combination Sale of C. M. Blyth, Robt. Elliott & Sons, and W. J. Kay at Guelph, Ont.

MONDAY, OCTOBER 3. — Shorthorns. Combination Sale of James Douglas & Sons, Caledonia, and W. J. Russell, Unionville. Sale at Unionville, Ont.

TUESDAY, OCTOBER 4. — Shorthorns. Production Sale of Shorthorns at St. Marys, Ont., by H. Noel Gibson, Ernest Robson & Son, Jas. Watt and Robinson Bros.

WEDNESDAY, OCTOBER 5.—Shorthorns. Combination Sale of P. H. Deacon, Unionville; T. A. Russell, Downsview, Ont., and John Gardhouse & Sons, Weston. Sale at Unionville, Ont.

THURSDAY, OCTOBER 6. — Ayrshires. Dispersal sale of Ayrshires at the Alfalfa Bank Farm of W. B. Collver & Sons, Wellandport, Ont.

WEDNESDAY, OCTOBER 19. — Annual Auction Sale of surplus stock at the Ontario Agricultural College, Guelph, Ont.

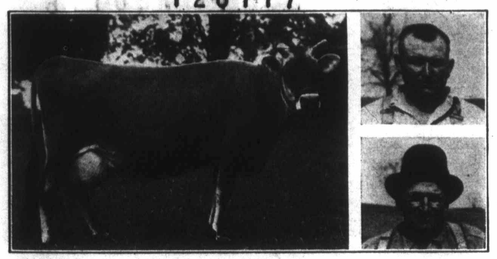
TUESDAY, OCTOBER 25. — Aberdeen-Angus. Complete dispersal sale of Malcolm Bailey, Uxbridge, Ont.

WEDNESDAY, OCTOBER 26. — Shorthorns. Annual Sale of the Western Ontario Consignment Sale Company, at London, Ont.

TUESDAY, NOVEMBER 8. — Holsteins. The 19th Guelph Sale at Guelph, Ont. A. B. Brubacher, Bridgeport, Ont., Sales Manager.


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA



*Pansy Loo, in the Jersey herd of Bert Kellum (below) and Omar Haviland (above) at Waterford, Ont., recently completed an official record of 19,361 lbs. milk, 934 lbs. fat, in one year. Her top month's output, 1,833 lbs., came in her FIFTH month after freshening, and at the close of the year she was still rolling out 47 lbs. a day.*

*Since 1930, Kellum & Haviland's regular milking ration has been 24% Purina Cow Chow and home-grown grain. Pansy Loo was conditioned for freshening, and fed for her first month of milking, on Purina Cow Dryena.*

# CLEARED $362.97 LAST YEAR WILL MAKE MORE THIS YEAR

FRANK BERRY, South Mountain, Ont., cleared $362.97 from his Purina-fed flock last year. And he figures he will do better this season.

Mr. Berry raised 417 White Leghorn pullets, last year. He found the first egg on August 9, at 4 months and 4 days. Between then and March 7, when he sold the whole flock, he gathered 4,117 DOZEN eggs—590 dozen a month, or 237 eggs a day. He sold $1,053.36 worth of eggs, and sale of pullets brought in $228.70—a total income of $1,282.06.



*Frank Berry, with one of his pullets—5¾ lbs., at less than 4½ months.*

Against this he charged $919.09 as total cost of buying chicks and feeding, right through to time of sale. So he CLEARED $362.97, plus all eggs for household use.

This year, Mr. Berry's 450 Barred Rock pullets averaged 5½ to 5¾ lbs. at just over 4 months, and he found the first egg at 4 months and 6 days. They are coming up fast in egg production and egg size, enabling him to cash in fully on Fall egg prices.

**Both years, Mr. Berry raised his flock on Purina Startena and Growena. His last year's laying ration was Layena. This year he will feed Layena or Lay Chow, depending on his supply of home-grown grain.**

It's a profitable example to follow!

# MORE MONEY FROM TURKEYS FINISHED THIS EASY WAY

YOU can raise the price of your turkeys several cents a pound (and add on pounds as well) by finishing them with Chicken Fatena Checkers Four or 5 weeks on Checkers plumps the bird out, gives them that meaty milk-fed look, and helps eliminate pin-feathers. Housewives like the look of Fatena-



finished birds, and are willing to pay more for them.

Begin feeding Fatena Checkers 4 or 5 weeks before marketing, or when your turkeys are 22 weeks old. If they have been on grain or mash, begin by scattering Checkers on top of the usual feed morning and evening. The birds soon take to them. From then on, keep Checkers before the birds all the time.

Fatena Checkers give *good* results if fed half-and-half with dry, well-matured home grains. But they give *best* results if fed as the whole ration.

Use these Checkers, too, for finishing chickens—2 weeks turns the trick. No crate, no milk, no muss—but a crate-fattened, milk-fed finish that means more money.

*Winners in the county Bacon Hog Competition at Central Canada Exhibition, Ottawa. "Outstanding for bloom and firmness of finish," said the judge. Above—First prize pen shown by Clarence MacGregor, Jasper, Ont. Raised on Purina Pig Startena and Pig Growena—no milk. Mr. MacGregor won the same placing last year with pigs fed the same way. Below — Second prize pen for Hubert Maitland, Jasper, Ont., another Startena-Growena lot. Mr. Maitland took first in pen of 6 bacon hogs at Ottawa Winter Fair last year, with pigs raised on the same feeds.*



# FEEDING

Published by

**Purina Mills, Woodstock, Ontario**

## "GOSH! HOW THEY'VE IMPROVED THE FEED!"

**That's What Your Cows Will Say After a Week on the New Purina Cow Chows—Not in Words, but in Milk**

THE old Purina Cow Chows were top-notch dairy feeds. None better, in their day. Thousands of dairymen proved that fact.

But the new Purina Cow Chows are *better than the old!* You can see the difference in the milk pail almost right away—and you keep right on seeing it, because these *new* Cow Chows are made according to a new principle.

### Why They're Better

This new principle is simple—yet so effective that putting it to work is the greatest forward step in feeding milkers for many years. It means recognizing that some feed ingredients are much more easily digestible than others, and that some feed ingredients are not only easily digestible themselves but assist the digestion of others. It means measuring rations, not by what you put in the cow's mouth, but by *what she has left to put in her udder* after the work of digestion is paid for.

Putting it another way—a hammer mill operator charges you more for grinding a ton of alfalfa than a ton of grain, because it takes more time and more power. Your cows "charge" you more for digesting certain feed ingredients than others, for the same reason—because they take more time and more power—and the cows take their toll right out of the feed itself. Purina Cow Chows have been re-built, re-balanced, to cut down the "power" needed for digestion, and leave more net food value free for making milk.

### It's a Fact, Not a Theory

These new feeds have been thoroughly tested out at the Purina Experimental Farm. Sixty cows were divided into two even groups—matched cow for cow in weight, age, stage of lactation and milking ability. One group was fed a first-rate old-standard dairy ration. The other was fed the new Therm-rich ration. The cows on the new feed averaged 141 lbs. per month MORE MILK—an *extra 80-lb. can per day from each 17 cows.*

At the end of 6 months the rations were switched. The ones put on the new ration promptly came up in milk, the others dropped back!

### Builds Cows Up

Another point: In the 6 months the cows on the new ration gained 146 lbs. apiece. It's a milk-maker—but not a "blaster". It makes milk, and at the same time *builds cows up.*

These new Therm-rich Cow Chows, built to balance your home-grown grain, will help you get highest returns with a minimum of cash outlay. Plan to profit from that fact, this Fall and Winter. See your Purina dealer, and talk it over with him, your first trip to town.

**CHECKERBOARD TIME**

Every MONDAY WEDNESDAY FRIDAY

| | Noon |
|---|---|
| CBL, Toronto | 12:30 |
| CFCY, Charlottetown | 12:15 |
| CFNB, Fredericton | 12:00 |

Fun, music, songs—and good sound sense. You'll enjoy it. Tune in!

## TURN YOUR HOME-GROWN GRAIN INTO A SELF-FEEDER RATION

IF you are one of the thousands of pig feeders who have tried out hopper feeding you certainly don't want to go back to that old slop-lugging slavery.

But maybe you have a big crop of good grain. Maybe you are looking to hogs as the best way to market it. Maybe you have always fed chop the slop-feeding way, and you're doubtful how it would work in a hopper.





Here's the answer to your problem: 22% Pig Chow. It is built to balance chop for hopper-feeding. Naturally, it will do just as good a job if slop-fed . . . but it's built to do the same job fed dry from a self-feeder.

You mix 100 lbs. of Pig Chow with 200 lbs. of chop. That makes a very low-cost ration, and it's BALANCED. So it gives you very economical gains, and gets your pigs away to market 4 to 6 weeks earlier than straight chop.

If you haven't enough grain to carry your pigs through, remember Pig Growena, the complete ration. It's a hopper ration, too, and great pig feed.



# Another Successful Western Fair

(Continued from page 4)

Douglas & Sons, on Brawith Clipper. Reserve Junior: John Gardhouse & Sons, on Rosebud Camelia.

**Herefords**

Judge—G. Black.

Awards—Bull, aged: 1, Carman Lyons, Dutton, on Brae Dale 64; 2, Howard C. Wright, Cromarty, on Lockerby Domino 15.

Bull, 2 years: 1 and 2, Crapo Farm, Swarts Creek, Mich., on New Domino and New Domino 6th; 3, F. W. Riecheld, Jarvis, on Britisher Domino 2.

Bull, 1 year: 1 and 5, O'Neil Bros., Denfield, on Mixer Domino and Perfection Domino; 2 and 3, W. A. Crawford-Frost, Hapton, Alta., on Caerleon 15 and Prince Caerleon 5; 4, W. N. McNeil, Dutton, on Brae Mischief.

Bull, senior calf: 1 and 4, O'Neil, on Standard Domino and Cavalier Domino; 2, McNeil, on Brae Mischief 31; 3, Crapo Farm, on New Domino 23.

Bull, junior calf: 1, Crawford-Frost, on Donald Stanway 70; 2, Reicheld, on Jarvis Domino Lad 25; 3, McNeil, on Brae Mischief 29; 4, O'Neil, on Brae Willow Lad; 5, Lyons, on Bonnie Brummel 8.

Senior and Grand Champion Bull: Crapo Farms, on New Domino. Reserve Senior: C. Lyons, on Braedale 64th.

Junior and Reserve Grand Champion Bull: O'Neil Bros., on Mixer Domino 9th. Reserve Junior: Crawford-Frost, on Caerleon 16th.

Cow, aged: 1 and 2, Crawford-Frost, on Blanche Domino 21 and Fuchsia Stanway; 3, Crapo Farm, on Lula Domino; 4, McNeil, on Miss Brae Mischief; 5, Lyons, on Miss Brae Brummel; 6, Reicheld, on Weidonna Domino 13.

Heifer, 2 years: 1, Crapo Farm, on Marylyn Domino; 2, O'Neil Bros., on Prime Lass 10; 3, McNeil, on Miss Brae Mischief 7; 4, Lyons, on Miss Bonnie Brummel 2; 5, Wright, on Betty Oak 2.

Heifer, senior yearling: 1, Crapo Farm, on Monita Domino; 2, O'Neil, on Lady Armour; 3, Lyons, on Bessie Columbus 6; 4, McNeil, on Miss Brae Mischief 20.

Heifer, junior yearling: 1, Crawford-frost, on Christobel; 2 and 3, Crapo Farm, on Nina Domino and Nettie Domino; 4, Reicheld, on Jarvis Domino Lass 20; 5, Wright, on Miss Nell Domino; 6, O'Neil, on Hester Lassie.

Heifer, senior calf: 1, Crawford-Frost, on Barbara Domino 37th; 2 and 4, O'Neil, on Vernet Domino Lass and Miss Windsor; 3, Lyons, on Miss Bonnie Brummel 10; 5, McNeil, on Miss Brae Mischief 35th.

Heifer, junior calf: 1, Crawford-Frost, on Nora Domino 38th; 2 and 4, Crapo Farm, on Oriole Domino and Opal Domino; 3, O'Neil, on Miss Windsor 2; 5, Lyons, on Miss Brae Brummel 11th; 6, McNeil, on Miss Brae Dale 69th.

Senior and Grand Champion Female: W. A. Crawford-Frost, on Blanche Domino 21. Reserve Senior: Crawford-Frost, on Fuchsia Stanway.

Junior and Reserve Grand Champion Female: Crapo Farm, on Monita Domino. Reserve Junior. Crawford-Frost, on Christobelle.

Graded herd: 1, Crapo Farm; 2, O'Neil Bros.; 3, Lyons; 4, McNeil.

Junior herd: 1, Crapo Farm; 2, O'Neil; 3, McNeil; 4, Lyons.

Pair of calves: 1, Crawford-Frost; 2 and 4, O'Neil; 3, McNeil.

Calf herd: 1, Crawford-Frost; 2, O'Neil; 3, Crapo Farm, 4, McNeil.

Senior get of sire: 1, Crapo Farm; 2, O'Neil.

Junior get of sire: 1, Crapo Farm; 2, Crawford-Frost; 3, O'Neil; 4, McNeil.

Progeny of dam: 1, Crapo Farm; 2, McNeil; 3 and 4, O'Neil.

**Aberdeen-Angus**

Judge—J. A. McAllister.

Awards—Bull, aged: 1, Edwards Bros., Watford, on Bandolier of Anoka 6th. Bull, 2 years: 1, Edwards, on Bandolier of Anoka 4th. Bull, 1 year: 1, 2 and 3, Edwards, on Lucy's B. of Anoka, Blackbird B. of Anoka 10 and Prince B. of Anoka. Bull, senior calf: 1 and 2, Edwards, on Bandolier of Anoka 10 and Blackbird B. of Anoka 11. Bull, junior calf: 1 and 2, Edwards, on Enfileen's Bandolier 3 and Bandolier of Anoka 6th.

Senior and Grand Champion Bull: Edwards, on Bandolier of Anoka 6th. Junior and Reserve Grand: Edwards, on Bandolier of Anoka 10th. Reserve Junior: Edwards, on Enfileen's Bandolier 3rd.

Cow, aged: 1 and 2, Edwards, on Ebonessa of Don Head and Blackbird of Sherwood. Heifer, 2 years: 1 and 2, Edwards, on Barbara Rose of Anoka 7 and Barbara M. of Anoka 4th. Heifer, senior yearling: 1 and 2, Edwards, on Enfileen of Anoka and Barbara Rose of Anoka 10. Heifer, junior yearling: 1, 2 and 3, Edwards, on Glenely Queen Comus, Barbara Rose of Anoka 11 and Miss Burgess of Anoka 4th. Heifer, senior calf: 1 and 2, Edwards, on Barbara Rose of Anoka 12 and Barbara M. of Anoka 5. Heifer, junior calf: 1 and 2, Edwards, on Erica of Anoka 13 and Barbara Rose of Anoka 13.

Senior and Grand Champion Female: Edwards, on Ebonessa of Don Head. Reserve: Edwards, on Barbara Rose of Anoka. Junior and Reserve Grand: Edwards, on Enfileen of Anoka. Reserve Junior: Edwards, on Barbara Rose of Anoka 12.

Graded herd: 1 and 2, Edwards. Junior herd: 1 and 2, Edwards. Four calves: 1 and 2, Edwards. Senior get of sire: 1, Edwards. Junior get of sire: 1 and 2, Edwards. Progeny of dam: 1, 2 and 3, Edwards.

**Fat Cattle—Pure-bred, Grades or Cross**

Judge—J. D. Brien.

Awards—Steer, junior yearling: 1, Edwards Bros., Watford.

Steer, summer yearling: 1, Crapo Farm, Swarts Creek, Mich.; 2, Parker & Edwards, Watford; 3, Bruce Needham, Ilderton.

Steer, senior calf: 1, Edwards; 2 and 3, Crapo Farm.

Steer, junior calf: 1, D. B. Weldon, London; 2, Parker & Edwards.

Champion Steer: Edwards. Reserve: Crapo Farm.

**Ayrshires**

Judge—F. Stanley Biggs.

Awards—Bull, aged: 1, Pine View Farms (John Bompas & Sons), Bell's Corners, Ont., on Pine View Top Gallant; 2, W. H. Coverdale, Le Moines Point Farm, Portsmouth, Ont., on Credholme Fashion Model. Bull, 2 years: 1, Capt. J. Lindsay Young, Brantford, on Sprucewood Ideal; 2, Pine View Farms, on P.V. Ideal Footprint. Bull, 1 year: 1, Coverdale, on Le Moines Point Barr Elect; 2, Angus Armour & Sons, Dorchester Station, on Strathglass Bardon; 3, Coverdale, on Glen Campbell Future Beauty; 4, Pine View Farms, on P.V. Fancy Footprint. Bull, senior calf: 1, Pine View Farms, on P.V. Gallant Top; 2, 3 and 4, Coverdale, on Burnside Barr Satisfaction, L.M.P. Bonnie Boy and L.M.P. Master. Bull, junior calf: 1, Pine View Farms, on P.V. Gallant Boy; 2, Coverdale, on L.M.P. Journeyman; 3 and 4, Young, on Sprucewood Monomark and Sprucewood Hey There 2nd.

Senior and Reserve Grand Champion Bull: Pine View Farms (John Bompas & Sons), on Pine View Top Gallant. Reserve Senior: Capt. J. Lindsay Young, on Sprucewood Ideal. Junior and Grand Champion Bull: Pine View Farms, on Pine View Gallant Top. Reserve Junior: W. H. Coverdale, on Le Moines Point Barr Elect.

Cow, 4 years and over, milking: 1, Pine View Farms, on Thirdpart Whittie 11th (Imp.); 2 and 4, Coverdale, on Burnside Lucky Sophia 2nd and Woodlea Hot Stuff's Hattie; 3, Armbur, on Craigibrae Viceroy Lacy. Cow, 3 years and over, in calf, not milking: 1 and 2, Pine View Farms, on Bridgeview Rose and P.V. Monarch Mayflower. Cow, 3 years, milking: 1, Young, on Sprucewood Rose; 2, Armour, on Craigibrae Viceroy Betty; 3, Pine View Farms, on P.V. Heather Bell. Heifer, 2 years, milking: 1, 2 and 4, Coverdale, on L.M.P. Precious, Hameshagh Lovely Pet and L.M.P. Annette; 3, Armour, on Strathhaven Kitty. Heifer, 2 years, not milking: 1 and 3, Coverdale, on Netherwraig Brilliant and L.M.P. Sarah; 2, Armour, on Dalquhar White Cloud; 4, Pine View Farms, on Bridgeview Rhoda. Heifer, senior yearling: 1, Pine View Farms, on P.V. Miss Cheerful; 2, Coverdale, on Glen Campbell Stately; 3, Armour, on Craigibrae Violet; 4, Young, on Sprucewood Sweet Blossom. Heifer, junior yearling: 1, Coverdale, on Rapid Valley Fairy 3rd; 2, Pine View Farms, on P.V. Frances; 3, Young, on Sprucewood Lady Sybil 2nd; 4, Armour, on Craigibrae Dorie. Heifer, calf: 1, Pine View Farms, on P.V. Royal Rose; 2 and 4, Coverdale, on Burnside Barr Nettie and L.M.P. Barr Hickory; 3, Armour, on Craigibrae Doona.

Senior and Grand Champion Female: W. H. Coverdale, on Le Moines Point Precious. Reserve Senior and Reserve Grand: Pine View Farms (John Bompas & Sons), on Thirdpart Whittie 11th (Imp.). Junior Champion Female: Pine View Farms on Pine View Miss Cheertul. Reserve Junior: W. H. Coverdale, on Glen Campbell Stately.

Graded herd: 1, Coverdale; 2, Pine View Farms; 3, Young; 4, Armour. Junior herd: 1, Pine View Farms; 2, Coverdale; 3, Armour; 4, Young. Senior get of sire: 1, Coverdale; 2, Armour. Junior get of sire: 1, Pine View Farms; 2, Coverdale; 3, Young. Progeny of Dam: 1 and 3, Pine View Farms; 2, Coverdale; 4, Armour.

**Jerseys**

Judge—Robert Hunter.

Awards—Bull, aged: 1, J. W. Innes, Woodstock, on Fairmount Helen's Designer; 2, D. J. Begg, St. Thomas, on Brampton Flower Volunteer; 3, Roslyn Park Farm, Galt, on Patier Valiant Oak. Bull, 2 years: 1, D. J. Begg, on Regal Design Mixture; 2, Estate of Wm. Kendall & Son, Brantford, on Golden Count's Highflyer; 3, Innes, on Fairmount Designer's Master Stroke. Bull, 1 year: 1, Roslyn Park Farm, on Sybils Dream Lad; 2, Innes, on Fairmount Sultan's Coronation; 3, Begg, on Farewell Valiant; 4, Ray Lawson, London, on Woodholme Royal Dreamer. Bull, senior calf: 1 and 4, Innes, on Fairmount Glory's Observer and Fairmount Ella's Volunteer; 2, Lawson, on Woodholme Pride's Royalist; 3, Roslyn Park Farm, on Pinnacles Prince. Bull, junior calf: 1, Lawson, on Woodholme Pride's Loyalist; 2, Begg, on Donaida Regal Lad; 3, Innes, on Fairmount Dorinda's Designer.

Junior Champion (under 2 years): Roslyn Farms, on Sybil's Dream Lad. Reserve: J. W. Innes, on Fairmount Glories' Observer. Senior Champion (2 years or over): D. J. Begg, on Regal Design Mixture. Reserve: J. W. Innes, on Fairmount Helen's Designer. Grand Champion Bull: D. J. Begg, on Regal Design Mixture. Reserve Grand: Roslyn Farms, on Sybil Dream Lad.

Cow, 4 years and over, milking: 1, Innes, on Fairmount Sultan's Lassie 2nd. Cow, 3 years and over, in calf, not milking: 1 and 4, Roslyn Park Farm, on Monarch's Design; 2, Lawson, on Woodholme Poster Kitty; 3, Begg, on Design's Standard Sport; 4, Roslyn Park Farm, on Les Ormes Willowscreen. Cow, 3 years, milking: 1, Innes, on Fairmount Design's Dorinda; 2, Roslyn Park Farm, on Nitcheroy's Pollyanna; 3 and 4, Wm. Kendall & Sons Estate, Brantford, on Golden Count's Mary and Golden Count's Gold. Heifer, 2 years, milking: 1 and 3, Innes, on Fairmount Fancy Fairy and Fairmount Design's Lassie; 2, Roslyn Park Farm, on Princess Beetle; 4, Begg, on Dreaming Oxford Cora. Heifer, 2 years, not milking: 1, Innes, on Fairmount Sultan's Flapper; 2, Lawson, on Woodholme Royal Snowstorm. Heifer, senior yearling: 1 and 3, Innes, on Fairmount Sultan's Wonder and Fairmount Designers Dorinda; 2, Roslyn Park Farm, on Design's Lady 2nd; 4, Lawson, on Woodholme Royal Pet. Heifer, Junior yearling: 1, Roslyn Park Farm, on Imp. Aliotria; 2, Begg, on Avon Start; 3, Innes, on Fairmount Sultan's Magic; 4, Lawson, on Woodholme Royal Charm. Heifer, calf: 1 and 4, Roslyn Park Farm, on Sybil's S.A. and Roslyn Vounteer's Model 2nd; 2, Innes, on Fairmount Observer's Serenade; 3, Begg, on Fairview Nancy Flossie 2nd.

Junior Champion (under 2 years): J. W. Innes, on Fairmount Sultan's Wonder. Reserve: Roslyn Park Farm, on Sybil's S.A. Senior Champion (over 2 years): Roslyn Park Farm, on Monarch's Design. Reserve: Innes, on Fairmount Design's Dorinda. Grand Champion: Roslyn Stock Farm, on Monarch's Design. Reserve: Innes, on Fairmount Sultan's Wonder.

Graded herd: 1, Innes; 2, Roslyn Park Farm; 3, Begg; 4, Estate of W. Kendall & Son. Junior herd: 1, Innes; 2, Roslyn Park Farm; 3, Lawson; 4, Kendall Estate. Senior get of sire: 1, Innes; 2, Kendall Estate; 3, Begg. Junior get of sire: 1, Innes; 2, Roslyn Park Farm; 3, Kendall Estate. Progeny of dam: 1, Begg; 2, Kendall Estate; 3 and 4, Innes.

**Holsteins**

Judge—Durno Innes.

Awards—Bull, aged: 1 and 5, Colby C. Lewis, Freetown, P.E.I., on Rooker Francy The Great and Paul Olympus Rochfarm; 2, Maytag Dairy Farms, Newton, Iowa, on Man-O-War Ormsby Posch; 3, J. M. Fraser and D. S. Dunton, Streetsville, Ont., on Illehee Model Palmyra; 4, George C. Bell, Sarnia, Ont., on Sweetholm King Acme. Bull, 2 years: 1, M. L. McCarthy, Sussex, N.B., on Lonsdale Ne Plus Sir Model; 2, Alfred Groves, Salford, Ont., on Abegweit Mercedes; 3, Maytag Dairy Farms, on Sir Man-O-War Bue; 4, Daniel S. Shively & Son, Springfield, Ont., on Sweetholm Acme Ormsby; 5, C. C. Haviland, Wilsonville, Ont., on Braeside Sir Abb. Posch. Bull, 1 year: 1 and 5, Maytag, on Posch Last Lad and Man-O-War Inka Posch; 2, J. M. Fraser and Jas. R. Henderson, Streetsville, Ont., on Lonsdale Ne Plus; 3, C. W. Challand & Son, Port Dover, Ont., on Korndyke Lad Payne; 4, W. H. and Hardy Shore, Glanworth, on Sweetholm King Piebe; 6, John Hogg, Thamesford, Ont., on Major Abbekerk Rag Apple; 7, Duncan MacBaine, St. Thomas, on Hartog Pabst Nig. Bull, senior calf: 1, Maytag, on Man-O-War Seven Up; 2, W. H. and Hardy Shore and Rose Bellas Chasm, Glanworth, Ont., on King Finderne Piebe 2nd; 3, Lewis, on Llynnenith Prince Rooker; 4, Harold James, Sarnia, on Bartow Reuben De Kol; 5, Fraser, on King Bessie Pius Acme; 6, McCarthy, on Lonsdale R.A.P. Sir Aggie. Bull, junior calf: 1, Fraser, on Spring Farm Model; 2, Bell, on Thamesview Sensation; 3, Fred W. Lee & Son, Springford, Ont., on Leeholm Sir Abbekerk; 4, Maytag, on Man-O-War Progressor Pride; 5, James, on Patrick Finderne De Kol; 6, McCarthy, on Lonsdale Progressor Sir Model.

Junior Champion: Maytag Dairy Farms, on Man-O-War Seven Up. Reserve: Maytag Dairy Farms, on Posch Last Lad. Senior Champion: M. L. McCarthy, on Lonsdale Ne Plus Sir Model. Reserve: Colby C. Lewis, on Rooker Francy the Great. Grand Champion: M. L. McCarthy, on Lonsdale Ne Plus Sir Model. Reserve: Colby C. Lewis, on Rooker Francy the Great.

Cow, 4 years and over, milking: 1, 3 and 7, Maytag Dairy Farms, on Forum Priscilla Ormsby, Beechwood Ormsby Pietertje Molly and Beachwood Ormsby Pietertje Ada; 2, McCarthy, on K.P.O. Veeman; 4, Lewis, on Queen Colantha Cynthia; 5, James, on Sarnia Colantha Amthyst; 6, M. H. Haley & Son, on Ourvilla Hartog Banostine; 8, Estate of W. D. Elliott, Comber, Ont., on Nancy Abbekerk Finderne. Cow, 3 years and over, in calf, not milking: 1, Bell, on Ormsby Sylvius Dewdrop; 2, Haviland, on Colantha Wayne Ann; 3, Maytag, on Hulda De Vries Ormsby; 4, McCarthy, on Lonsdale Tidy Becky; 5, Wm. Marshall & Sons, Woodstock, Ont., on Netherland Jemima Tensen; 6 and 8, L. A. Everett, Simcoe, Ont., on Beauty Inka Wayne and Princess Molly Burke; 7, H. C. Downham Nursery Co., Ltd., Strathroy, Ont., on Cedar Holme Nettie. Cow, 3 years, milking: 1, Maytag, on Maudlene Inka Ormsby Fobes; 2 and 5, Bell, on Mantel Veeman Inka, and Princess DeKol Mercedes Echo; 3, Fraser, on Llenroc Ruby Acme; 4, Lewis, on Llynnenith Francy Bell. Heifer, 2 years, milking: 1, Estate of W. D. Elliott, on Axie Mercena Pabst; 2, Fraser, on Spring Farm Nancy; 3, Maytag, on Colleen Mila Fobes; 4, Haviland, on Victoria Princess Ormsby; 5, Lewis, on Llynnenith Speculation; 6, Currie Bros., Ingersoll, Ont., on Orchard Leigh Black Ruby; 7, James, on Netherland Sylvia De Kol; 8, MacBane, on Hartog Pabst Mollie. Heifer, 2 years, not milking: 1, James, on Sunny Meadows Rag Apple Segis Lass; 2, Fraser, on Spring Farm Norine; 3, Henry Halliday, Sarnia, on Madam Korndyke Colantha; 4, Lewis, on Llynnenith Gypsy; 5, Groves, on Lynwood Lena Korndyke; 6, Bell, on Gentilvue Colantha Dewdrop; 7, McCarthy, on Lonsdale R.A.P. Jewel Ormsby. Heifer, senior yearling: 1, Fred R. Thornton, Thamesford, on Silver Acres Segis Sensation; 2, 4 and 7, Fraser, on Spring Farm Trix, Johanna DeKol Bertha and Johanna DeKol Betsy; 3 and 6, Maytag, on Lawnwood Marathon Laura and Low Inka Fontiac Fobes; 5, Bell, on Posch Dutchland Mercedes; 8, McCarthy, on Lons-

(Continued on page 19)

GET FREE ESTIMATE ON YOUR ROOFING

WRITE NOW

Sendridge and rafter measurements or area to be roofed, patched or repaired. Council Standard "Tile-Lap" metal roofing is a sound, permanent investment. Absolutely weather-tight. Greatly reduces fire hazard.

SOLD ON A 25 YEAR GUARANTEE

Prices this Fall are lower because of Sales Tax exemption. Save money by writing today. Manufacturers also of famous Preston Steel Truss Barns and Jamesway Poultry equipment. Address: 7 Guelph St., Preston, Ont.

Eastern Steel Products Limited

PRESTON, ONT. MONTREAL TORONTO

See Puffiness Go

Quick Relief Saves Horse for Next Day's Work . .

Puffy knees mean time lost during the busy work periods. You must give your horse *quick* relief if you want to use him next day. Absorbine does this. It sends an *increased* blood supply to the sore muscle area where puffiness shows. And the blood carries off the congestion quickly. Use Absorbine twice daily. Will not blister. Used by farmers for over 40 years. At druggists. $2.50 a bottle. W. F. Young, Inc., Lyman Building, Montreal, Canada.

Absorbine's action goes direct to sore area

ABSORBINE

THANKSGIVING DAY

MONDAY, OCTOBER 10

*ENJOY A LONG WEEK-END*

LOW RAIL FARES

Between all points in Canada and to certain destinations in the United States

FARE AND ONE-QUARTER

FOR THE ROUND TRIP

Tickets good going from Noon *Friday, Oct. 7, until 2 p.m., Monday, Oct. 10, 1938.

*Where no P.M. train service Oct. 7 tickets good on A.M. trains.

RETURN LIMIT to leave destination not later than midnight, Tues., Oct. 11, 1938.

MINIMUM SPECIAL FARE

• Adults or Children - - - - - - 25c •

*Full information from any agent.*

Canadian Pacific

Cheaper HEAT Without COAL

New Invention Fits any Stove or Range — 30 Days Free Trial

Remarkable invention burns 98% air, 4% of a cheap variety of oil obtainable everywhere. Does away with coal, wood, ashes, dirt and drudgery. Clean, silent, quick, like gas heat, 3 times hotter than coal and cheaper. Temperature controlled. No more getting up on bitter cold, wintry mornings. Many automatic features. No gas or electricity needed. Safe as any ordinary kitchen range. Easy to install—no damage to stove—simply sits in firebox of any stove, range or heater. Costs just a few cents a day to operate. TRY 30 DAYS AT OUR RISK. Low introductory price and 30-day trial. Write for FREE CATALOG. AGENTS and spare time workers: Oil heat saves money this year; people buy to save. Write for free burner offer that starts you in business for yourself. Act NOW! BRIGHAM OIL BURNER CO., Dept. 3694-J, St. Louis, Mo. (No duty on Canadian shipments which are made from our Canadian Branch. Approved in Canada by National Research Council.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES

ARCHIVES PUBLIQUES

CANADA

120119

# Classified Opportunities

## —To Buy, Sell or Exchange

**In this department are inserted advertisements properly classified, of any and everything that farmers and their families might wish to buy, sell or exchange.**

**Rate: 6 cents per word for each insertion.**

**No advertisement less than 90 cents each insertion.**

**ALL ORDERS FOR CLASSIFIED ADVERTISING MUST BE ACCOMPANIED BY CASH, MONEY ORDER OR CHEQUE.**

**State clearly the number of insertions desired.**

**Give full name and post office address.**

**Name and address to be counted, also each number and initial. Compound words are counted as two words. For example, the following advertisement would be counted as 20 words:**

FOR SALE — 100 ACRE FARM, LOT 4, Con. 2, Downie, $80 acre. J. S. Jones, R. R. 1, Lindsay, Ont.

**If replies are to come to a box number at Canadian Countryman office and we are to forward them, figure 10 cents extra on the charge for each insertion, to cover postage**

**ALL ORDERS, CHANGES OR CANCELLATIONS MUST REACH US BY SATURDAY, ONE WEEK PREVIOUS TO DATE OF ISSUE.**

### LIVE STOCK

**DUAL-PURPOSE SHORTHORNS**

SERVICEABLE BULLS, CALVES, FEMALES, bred and open. Herd 85 head. H. Hewitt & Sons, York, Ontario.

**JERSEYS**

FOR SALE—MY ENTIRE HERD OF HEAVY producing Jersey grade cows, going into pure-breds. Herd under accreditation. Max McArthur, Princeton, Ontario.

**SHORTHORNS**

WE HAVE BULLS, FEMALES, BRED AND open, milking kind, low set, for sale. Russell Graham, Port Perry, Ontario.

**BELGIANS**

BELGIAN HORSE DISPERSAL, OCTOBER 8, 12 o'clock noon, at my farm, near St. Clair, Michigan. 22 mares, 6 foals, 2 stallions, mostly imported, many prize winners. Real opportunity. Write for detailed catalog to H. A. Dart Farms, St. Clair, Mich., or 2363 Union Guardian Bldg., Detroit, Mich.

**CLYDESDALES**

FOR SALE — CLYDESDALE BREEDING stock — stallions, brood mares, fillies. 50 registered head on hand. Extra good quality and breeding. West Point Farm, Galt, Ontario.

**PERCHERONS**

ONE FOUR YEAR OLD BLACK PERCHeron stallion. One seven year old grey Percheron stallion for sale or exchange on live stock. Joseph E. Anderson, R.R. No. 1, Waterdown, Ontario.

**DORSET HORN**

REGISTERED DORSET HORN RAMS AT lowest prices. Also a few ewes for sale. Joseph Betz, Stouffville, Ontario.

### FOXES, ETC.

IF YOU WANT THE BEST IN SILVER FOX, mink or blue fox, I have them at prices to interest any buyer. Lewis Jones, Talbotville, Ontario.

### TRAPPERS' SUPPLIES

FOR SALE, FINE QUALITY QUEBEC MINK kits. Clarence Burke, Oso Station, Ontario.


**IT'S ALL AROUND TOWN!**



—So why not get your copy of this week's Toronto Star Weekly while in town.


### RABBITS

DOROVILLE RABBITRY, PARKSVILLE, B.C. Breeders of Angoras, Flemish Giants, New Zealands, Chinchillas. Write for catalogue.

### APPLES

APPLES, SPIES, MACKINTOSH, BLENheims and Snows in hampers, at low prices. E. Hunt, Mt. Vernon.

### AGENTS WANTED

AGENTS WANTED IN EVERY CITY. SELL Dexter Weatherproof shoes, greatest shoe value in Canada. Complete line of boots and shoes for men and women. Also raincoats and windbreakers. Free selling outfit. Dexter Shoe Company Ltd., Montreal.

### BUILDERS' SUPPLIES

**STORM WINDOW BARGAINS**

CUT YOUR FUEL COSTS THIS WINTER with storm windows. Users say the saving is one-fourth or better. New sale circular shows bargain prices on ready-glazed storm sash painted one coat with free hardware. Also new low prices on roofing, doors, ready-glazed windows and materials for new work, repairs, alterations. Write at once to Hallidays, Dept. 30, Hamilton, Ont., or Halliday Craftsmen, Truro, Nova Scotia.

**Barn Roofing---Steel Granary Lining**

SUPERTITE STEEL SHEETS COST LESS, cover more, last longer, lay faster, save sheathing. Direct factory prices on Steel Roofing and Granary Lining. Superior Products Limited, Sarnia, Ontario.

CORRUGATED, GALVANIZED SHEETS, eavestrough, etc., at rock-bottom prices. First quality, corrugated, galvanized sheets—heavy coated. Special low prices for direct mail order shipments. Save money by buying direct. Quality guaranteed. Immediate shipments. Write Arthur H. Jacobs, 137 Front St. East, Toronto. Elgin 9309.

### BELTING

BELTING, ELECTRIC MOTORS, SHAFTing, hangers, pulleys and bearings. Large stock of used rubber belting up to 16", 8 ply, at special price. Rubber traces, 2" 5 ply, at .12c per foot. N. Smith Belting Works, 138 York Street, Toronto, Ontario.

### DETECTIVES

DETECTIVES EARN BIG MONEY. WORK home - travel. Experience unnecessary. Detective particulars free. Write George Wagoner, 2640-C Broadway, New York.

DETECTIVES EARN BIG MONEY. WORK home, travel. Special correspondence training course. Ambitious men over 18, get particulars free. Write C. M. Julien, Box 25, Station T, Montreal, Que.

### BABY CHICKS

BRAY FALL CHICKS HELP YOU GET steady year-round egg production, and broilers and roasters to sell when prices are highest. Write to-day for further information. Bray Hatchery, 124 John Street North, Hamilton, Ontario.

### PULLETS AND COCKERELS

A-1 PULLETS, BARRED ROCKS, WHITE Leghorns seven and eight weeks .45c; nine and ten weeks .50c. 25% with order. Guaranteed 100% safe arrival to your station. A. H. Switzer, Granton, Ont.

PULLETS, ALL AGES, FROM 6 WEEKS TO 24 weeks, Barred Rocks, New Hampshire Reds, White Rocks, White Leghorns. Also yearling hens and cockerels. Box 11, Tweddle Chick Hatcheries Limited, Fergus, Ontario.

### DUCKS, GEESE, TURKEYS

PURE BRED YOUNG EMBDEN GEESE, male and female, exhibition stock. Mrs. Wm. Castleton, Route 3, Glanford Sta., Ontario.

### PULLETS WANTED

PULLETS WANTED, BARRED ROCKS, White Rocks, New Hampshire Reds. State age and price wanted. Box 112, Canadian Countryman, 204 Richmond Street West, Toronto.

### HATCHING EGGS WANTED

HATCHING EGGS WANTED FOR 1939 hatching season by commercial hatchery. Premium up to .21c per dozen paid. State size of flock and breed. Box 114, Canadian Countryman, 204 Richmond Street West, Toronto.

### POULTRY FEATHERS, ETC., WANTED

WANTED LIVE AND DRESSED POULTRY, also feathers. Good prices. Write Stork, 238 Queen West, Toronto.

### FARM MACHINERY

**AMAZING VALUE**

BE SURE AND GET FULL INFORMATION on the new, last longer, lay faster, save manure spreader, including attractive price. If you are in the market for a new spreader, read our advertisement on page 23, Sept. 17 issue, and mail the coupon to Otaco Limited, successors to Tudhope-Anderson, Orillia, Ont.

BARGAINS IN REBUILT EQUIPMENT: Diesel and semi-Diesel engines; Lister gasoline engines; pumps, grinders and hammer mills; washing machines; stoves and heaters; pasteurizer; quality paint, brown, green and dark grey, at special price of $1.00 per gallon. Write for prices on above equipment. S. A. Lister, 58 Stewart Street, Toronto.

**BEATTY GRAIN GRINDER**

A COMPLETE GRINDER DRIVEN BY A standard motor. Write for full particulars to Beatty Bros. Limited, Box 476A, Fergus, Ontario.

**SPECIAL BOOKLET**

HERE IS YOUR CHANCE TO SAVE money on farm machinery, barn and dairy equipment. Read our advertisement on the back cover this issue and send for our farm equipment booklet. It's yours for the asking. Write Mail Order, Dept. S, The T. Eaton Co., Limited, Toronto.

MELOTTE CREAM SEPARATORS, BARgains in rebuilt and demonstrating machines in all capacities; all guaranteed. S. A. Lister, 58 Stewart St., Toronto.

### FARMS FOR SALE

150 ACRES OF GOOD LEVEL LAND WITH good buildings watered with living springs. Suitable for mixed farming. Ten miles from Peterborough on Highway. Apply Box 118, Canadian Countryman, Toronto.

### FOR SALE

**FARMERS, ATTENTION**

HERE IS YOUR CHANCE TO SAVE MONEY on agricultural implements, barn equipment, dairy lines and labor savers for the home. Get our special booklet on farm equipment. It is yours for the asking. See our advertisement on the back cover this issue and write Mail Order Dept. S, The T. Eaton Co. Limited, Toronto.

**READ THIS**

IF YOU ARE CONSIDERING THE PURchase of a plow of any kind, wagon, manure spreader, steel wheels, or a stove, mail the coupon from our advertisement on page 23, September 17 issue, for full free information. Otaco Limited, successors to Tudhope-Anderson, Orillia, Ontario.

### HELP WANTED

FREE SPAWN, NITROGEN, BOOKLET. $40.00 weekly growing mushrooms for us or your local market, fresh, or dried. Dominion Patent 331583. North American Spawn Company, 169 Yonge, Toronto.

### HONEY

CLOVER, $4.50 PER 60 LBS.; AMBER, $3.50 per 60 lbs. F.O.B. Wallace Rose, Seaforth, Ontario.

### MUSIC

WE TEACH MUSIC BY MAIL. PIANO, Violin, Guitar, Voice culture, Simple as abc. Particulars free. Paramount Conservatory of Music, Vancouver.

### MEDICAL

**ARE YOU RUPTURED?**

RELIEF, COMFORT, POSITIVE SUPPORT with our advanced method. No elastic or undersplas or steel. Write Smith Manufacturing Co., Dept. 88, Preston, Ontario

"KEPT AWAKE BY VARICOSE ULCER". Mrs. H. Baker, Ashern, Man., reports: "Despite many treatments I grew large as a saucer; then used your remedy, pain disappeared and ulcer healed." Varicose ulcers, running sores, etc., healed while working. Write Nurse Dencker, 610½ Portage Ave., Winnipeg, Man.

### NURSERY STOCK

VIKING AND LATHAM TWO YEAR OLD raspberry canes. Free from disease, $1.60 per 100. Donald Ruttan, Sydenham, Ont.

GEORGIAN BAY PLANTS, GOVERNMENT certified raspberries, strawberries. Hardy flowering perennials. Attractive prices. Catalogue free. W. J. Galbraith, "Mapledene", Stayner, Ontario.

### POSITIONS WANTED

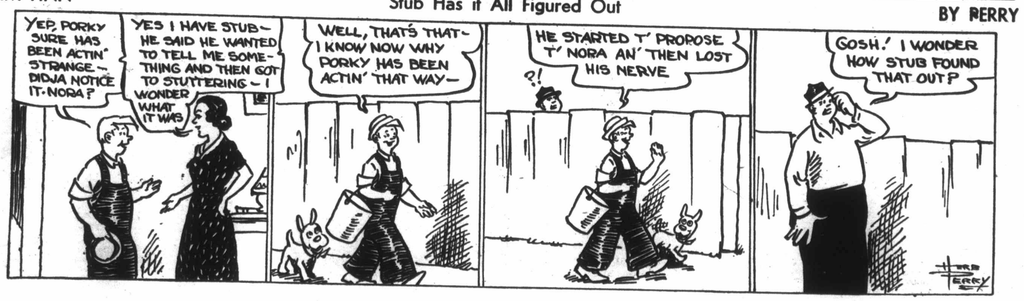
POSITION WANTED, PERMANENT, BY reliable experienced farm hand, married with family. Good milker and teamster. With present employer 8 years. State wages and distance from school. Free October 15. Box 120, Canadian Countryman, Toronto.

EXPERIENCED COUPLE WANT POSITION on farm, with separate house. Go anywhere. Harry Franklin, Clifford, Ont.

### PERSONAL

WANTED — ORIGINAL POEMS, SONGS, for immediate consideration. Send poems to Columbian Music Publishers Ltd., Dept C-12, Toronto.

JIM FINN — Stub Has it All Figured Out — BY BERRY






120120

### PHOTOGRAPHY

**SEND YOUR FILMS TO THE HOUSE OF QUALITY**

Higher grade prints guaranteed by latest developing process. THIS MONTH'S SPECIAL OFFER—Any size roll developed. Every print enlarged; or if you prefer, 16 prints. All for 25c. Free Film and Camera Coupon.



Free With Every Order a beautiful portrait of a motion picture star

CONSOLIDATED PHOTO SERVICE HAMILTON, ONT.

7 x 5 ENLARGEMENTS IN CREAM TONE, including handsome easel frame, 46c. Very exclusive. Roll developed and printed or reprints, regular 25c or enlarged 30c. Toronto Photo Finishers, R 112, West Adelaide, Toronto.

ROLL FILM DEVELOPED 8 PRINTS 25c; reprints 8 for 25c. Free enlargement with 25c order. Established over 25 years. Brightling Studio, 29 Richmond St. East, Toronto, Ontario.

### SEED FOR SALE

WE OFFER WHITE BLOSSOM SWEET clover No. 2, 5c lb.; yellow blossom sweet clover No. 2, 6c lb.; timothy No. 2, 5c lb. Sacks free, cash with order. Add one cent per lb., and freight will be paid to your station. W. W. Stephen, Meaford, Ontario.

### TOBACCO

4-POUND SAMPLE PACKAGE BURLEY Zimmer, prior leaf, flavoring and recipes, or 3-pound sample package Virginia Burley, Zimmer and prior leaf; 2 samples manufactured, $1.00 postpaid. Ruthven Tobacco Exchange, Ruthven, Ontario.

### TRADE SCHOOLS

MEN LEARN BARBERING. DANFORTH Government Licensed barber college gives easy terms. Tools supplied. Free trial offer. Particulars, write or call 812 Danforth or 121 Queen West, Toronto.

MEN AND WOMEN WANTED. REAL OPportunity learn barbering or hairdressing. Clean, inside, interesting work. Write for full particulars. Modern System Colleges, 590 Yonge St., Toronto.

GREATER DIESEL OPPORTUNITIES. NEW air ports built and powered with Diesels. Mines, trucks, tractors and power plants employ operators and mechanics, paying $200 monthly upwards. Write for full information on guaranteed, practical shop training. Standard Engineering, 182 W. Adelaide, Toronto.

### WANTED

PORTABLE SAW MILL IN GOOD RUNning order. State price in first letter. Jos. Nelson, Port Anson, Ontario.

### MISCELLANEOUS

SONG POEMS WANTED. SUCCESSFUL composers invite authors to submit lyrics. Write "Composer" (Box 38), c/o Rays Advt. Agency, Cecil Court, London, W.C. 2, England.

WANTED ORIGINAL POEMS, SONGS FOR immediate consideration. Send poems to Columbian Music Publishers Ltd., Dept. C37, Toronto.

AUTHORS INVITED FORWARD MSS ALL descriptions for publication; fiction specially required. No reading fees. $200 for poems. Stockwell, Ltd., 29, Ludgate Hill, London, England.

SONG POEMS WANTED. HOME, LOVE, any subject. Send your poem today for immediate consideration. Richard Bros., 16 Woods Building, Chicago.

(Continued from page 17)

dale Wayne Aggie Pius. Heifer, junior yearling: 1, Fraser, on Spring Farm Topsy; 2, Everett, on Bell Inka Korndyke Wayne; 3, Haley, on Haleyhurst Pabst Bameline; 4, Maytag, on Man-O-War Betsy; 5 and 6, McCarthy, on Lonsdale Rag Apple Jewel and Lonsdale R.A.P. Hartog; 7, Bell, on Austin Colantha De Kol; 8, James, on De Kol Valdessa Rose. Heifer calf: 1, Halliday, on Arva Segis Acme; 2 and 8, Fraser, on Spring Farm Nigger and Spring Farm Belle; 3, Maytag, on Sadie Lady Ormsby; 4, Bell, on Moorebell Mercedes; 5, McCarthy, on Lonsdale Hartog Winona; 6, Estate of W. D. Elliott, on Canary Finderne Star; 7, John H. Older, Thamesford, on Colantha Wayne Pabst.

Junior Champion: Fred Thornton, on Silver Acres Segis Sensation. Reserve: Henry Halliday, on Arva Segis Acme. Senior Champion: Geo. C. Bell, on Ormsby Styvius Dewdrop. Reserve: Maytag Dairy Farms, on Forum Priscilla Ormsby. Grand Champion: Geo. C. Bell, on Ormsby Sylvius Dewdrop. Reserve: Maytag Dairy Farms, on Forum Priscilla Ormsby.

Graded herd: 1, Maytag; 2, McCathy; 3, Bell; 4, Lewis; 5, Fraser. Junior herd: 1, Fraser; 2, Maytag; 3, James; 4, McCarthy; 5, Bell; 6, MacBane. Senior get of sire: 1, Lewis; 2, Bell; 3, Fraser. Junior get of sire: 1, Fraser; 2, Maytag; 3, James; 4, McCarthy; 5, Bell; 6, MacBane. Progeny of dam: 1, Maytag; 2, Bell; 3, Everett; 4, Lewis; 5, W. H. and Hardy Shore and Daniel Shively & Son; 6, James. County herd: 1, Lambton; 2, Oxford; 3, Norfolk; 4, Middlesex.

## At the Western Fair

(Continued from page 13)

fore and after various types of treatment, including the collapsed lung. The medical department of Western University exhibited the iron lung along with many other medical devices in life saving.

The paintings in the art gallery have never been lovelier than this year. Clare Bice, a London, Ont., artist, had done a large painting of Peter MacGregor, the first settler of that city, standing axe in hand, plaid scarf blowing over his strong shoulders, intelligent head thrown back towards his wife, Lavinia, and young son, Mahlon—a sharply cut group against a background of freshly cleared land around a log cabin. Where that cabin stood is now the southwest corner of King and Ridout streets.

In one corner was a collection of Robert Holmes' paintings of Canadian wild flowers from life. They looked just as they did in our own woodlot, early bloodroot pushing up from the decaying bark at the base of a rotting tree trunk, milkweeds scattering their white fluff at the bursted apex of a ripened seed pod, graceful wild columbines lifting their bright heads, Jack-in-the pulpit beneath the swaying tree-tops; until looking at them we might say to each other: "Let's go gathering wild flowers, again!"

I go from one exhibition to the next recalling the beautiful pictures exhibited before and vividly impressing each new one on my mind to add to the ones already there, do you? The London Camera Club had as many lovely exhibits as ever. Last year the snow scenes seemed the most remarkable. This year it was the silvery, billowy, windblown cloud effects. In one a young brother and sister were silhouetted on a hill against a silver sunset, as they stood windswept and lost in admiration. The Silver Lining was another beauty, with the cloud's outline sharply etched in silver from the dying sun.

The farm scenes were among the most remarkable. In, Hurrying the Work, the farmer driving his three horses hastened the day's plowing against a background of sunset clouds. In another, four horses strained against the wind drawing a binder over a nearly finished field, while above the silver clouds were driving, light raying downwards from their edges. September Gale was both appropriate and convincing. One was tempted to turn up the coat collar against the blast which bent the tree-tops and blew the first leaves of autumn downwards. Rain on the Screen was the title of another, showing beyond the ruffled kitchen curtain, the trickles of rain against the screen.

Then we pulled up short before a picture of a fat man absorbed in a radio program and the whole entitled Charlie. We laughed with him and we laughed also at the small boy singing with a widely opened mouth as he played on his accordion in utter abandon.

Across the aisle the art students of Western University were doing rapid sketches of exhibition visitors and at the far end they had sculptured a huge reproduction of the lovely painting, The Doctor.

Downstairs the farm women were thronging the stove dealers. Every conceivable kind of modern range was present with gleaming electric models in the majority. They looked so tempting and yet there were cases where the old kitchen range (now burnished and glorified beyond recognition) was the only solution to the problem of large, old-fashioned kitchens and winter's intense cold.


GOODYEAR'S Complete LINE



For Tough Going... GOODYEAR "SURE-GRIP" Tractor Tires

● The big, solid, widely-spaced, self-cleaning bars on this husky Goodyear provide maximum gripping traction . . . give a continuous and uniform pull without jerkiness or side slip . . . in any going. Overlapping design provides smooth rolling on hard ground . . . extra traction where it is needed most. Chemically treated rubber resists wear and barnyard acids.

ALL-TRACTION TRACTOR TIRE

● The only tractor tire with full 4-way traction in any direction . . . forward, backward or sidehill. The only tractor tire offering Goodyear's exclusive "controlled wear" feature. For sand, loam and other loose soil conditions the "All Traction" tops them all.



RIB-TREAD TRACTOR TIRE

● An easy steering front wheel tire heavily reinforced to withstand scuffing and wear.



IMPLEMENT TIRE

● A slow-wearing tire, rolls easily and smoothly, protects valuable equipment, saves you money.

It will pay you to specify Goodyear tires when buying a tractor or implement. Ask your Goodyear dealer about Goodyear tires for new and old equipment.

FP9

GOODYEAR TRACTOR AND IMPLEMENT TIRES



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA




## Choicely Bred Shorthorns at Series Opener

MOST practical have been the ideals of the three Shorthorn breeders contributing entries to the Blyth-Elliott-Kay auction in the Winter Fair Buildings, Guelph, on Saturday, October 1. If you have had the opportunity of looking over these splendid herds in their own pastures you will appreciate what we mean . . . deep, thick, short-legged matrons showing splendid breed character and the ability to raise their calves well. And as you would expect, outstanding sires have been used in these herds.

Three of W. J. Kay's four entries are by Brawith Toft, good-breeding son of Brawith Boy (Imp.), Highland supreme champion and senior sire in the Willowbank herd of Jas. Douglas & Sons. This summer, Mr. Kay purchased Killearn Beauty Lad 2nd, an outstanding bull calf of select ancestry.

Bred females in the contribution of Robert Elliott & Sons carry the service of Collynie Hilyard (Imp.), their present herd sire. He was bred by Duthie Webster and carries a double cross of the great Collynie Royal Leader . . . being a roan son of Cairnsale Satisfaction by Collynie Royal Leader and out of Royal Hilda by Rosehaugh Victor by Collynie Royal Leader. Included are several gets of Blythwood Golden Archer, a son of Divide Golden Archer, grandson of that great breed improver, Browndale Count.

A lot of the heifers in the consignment of C. M. Blyth are by Divide Golden archer, that stood first at the Chicago International and American Royal in 1933. He was champion at Guelph in 1934, and is by Browndale Archer by Browndale Count. Most of the Blythwood females are bred to Divide Goldust, he a prize-winning son of Browndale Goldspur by Browndale Count. Three of the females are in calf to Mr. Blyth's junior herd sire, Blythwood Golden Era, outstanding son of Divide Golden Archer . . . and by notable coincidence showing the same breeding from the fourth generation down, as Campbells Command, the grandson of Collynie Royal Leader in which Mr. Blyth recently bought a half-interest from Grant Campbell.

This sale makes a grand opener for a great series of Shorthorn auctions.

## Douglas-Russell Shorthorn Auction

NO introduction is needed by the Willowbank herd of James Douglas & Sons, of Caledonia, Ont., that produced Browndale Count, rated the greatest Shorthorn sire the breed has known in America. On this occasion, the Douglases have joined with W. J. Russell, who built his outstanding Klaymor herd on foundation stock personally selected in Scotland.

The 25 choice females from the noted Douglas herd include: Kinellar Broadhooks 2nd, consistent 1937 junior yearling winner, bred to Drynie Roister, dark roan, 1937 prize-winner. Rosebud Rachael (Imp.), young cow of foundation calibre; bred to Brawith Boy (Imp.). Browndale Augusta 2nd, royally bred and selling with choice, red heifer calf by the champion Brawith Boy (Imp.). Morning Blossom 27th, senior yearling show heifer from the family that produced the immortal Count; bred to Brawith Boy (Imp.). Browndale Myrtle 7th, junior yearling show heifer from noted family of winners, and bred to Browndale Brawith Boy, reserve senior champion bull at 1938 C.N.E.

Also from the family of Browndale Count is Morning Blossom 28th, junior yearling show heifer, bred to Browndale Brawith Boy. Brawith Jilt 2nd, deep, short legged show heifer, bred to Browndale Brawith Boy. Lady Rosewood 25th is from a cow the Douglasses consider their best, and in calf to Edellyn Browndale Sultan.

The W. J. Russell consignment comprises 9 choice daughters of Collynie Royal Barrage, bred by J. Duthie Webster; 6 nice heifers by Aldie Reynoldstown, that carries the blood of the noted Collynie Royal Leader. Also the following five bulls—all sons of Collynie Royal Barrage—Klaymor Beau Ideal, at of an outstanding imported cow and rated as a top-notch herd bull prospect. Klaymor Butter, smooth bull carrying a wealth of flesh under a good hide that should make good in showring or breeding herd. Klaymor Beacon, red bull with splendid character and type, from a family of famous winners. Klaymor Benefactor, another great herd bull prospect that will improve tail heads and hindquarters. Klaymor Beau, well-balanced, smooth, line-bred grandson of Rosehaugh Mandarin; his full brother has been grand champion at leading 1938 shows.

## Shorthorn Entries From Three Show Strings

CURRENT show reports provide plenty of publicity for the Deacon-Gardhouse-Russell sale at Glenburn Farms, Unionville, Ont., on Wednesday, October 5th.

The lengthy list of wins scored at the 1938 Canadian National Exhibition by the Glenburn Farms herd of Col. F. H. Deacon, Unionville, Ont., included both grand championships. As the Glenburn herd has also been prominent at Canadian and Chicago fairs for a number of years, it is only natural that Glenburn sale entries should either be prize-winning animals or closely related to prominent winners of previous years.

Among Glenburn Farms' females not mentioned in the sale advertisement are, Glenburn Brawith Bud 3rd, senior yearling that stood first at Calgary and well up at other 1938 shows. Glenburn Rosewood 6th, breedy, show granddaughter of Edellyn Favorite. Glenburn Roan Lady 10th, thick show heifer by Brawith Chief. Glenburn Myrtle 7th, considered one of the most valuable individuals in the sale; the progeny of her sister, Glenburn Myrtle 2nd, undefeated as a group this past two years, while the get of her sire, Brawith Chief, placed first wherever shown in Canada this year. Glenburn Blossom 4th carries crosses of such noted bulls as Browndale Archer, Edellyn Favorite and Fanor Chief 9th. Glenburn Annette 5th, another winning member of the 1938 show herd. Glenburn Broadhooks 7th, second prize senior calf at C.N.E. Glenburn Beatrice 2nd, red Oct. '37 calf, considered one of the best in the offering.

Ten head come from the Brae Lodge herd of T. A. Russell, Downsview, Ont. Three bulls and two 1937 heifers are by Brae Lodge Footprint, junior champion at C.N.E. and Royal in 1935, and well up at Chicago; winner of grand challenge shield at the C.N.E. in 1935 and 1936 for the best bull bred and owned in Canada. The red yearling bull, Haylands Importer, is by Divide Gold Nugget that topped the 1936 Allen Cattle Company sale at $1,800. One of the Footprint bulls is out of that great breeding matron, Nonpareil 60th (Imp.). The red Brae Lodge Crocus 5th, and the roan Mayflower Brae 3rd, are daughters of Raveni Master, a great-grandson of the famous Browndale Count.

From the Aberfeldy herd of John Gardhouse & Sons, Weston, Ont., are entered ten head. Among them the red show heifer, Rosewood Caroline, out of the well-known Rosie O'Grady, grand champion Shorthorn female at London last week. She is bred to the prize-winning Princeton Publican . . . as is Princess Averne, junior yearling show heifer out of Princess Roberta, reserve junior champion at the 1935 Royal. Also, Aberfeldy Rosewood will have a calf by Princeton Publican at her side by sale time. Four of the heifers were sired by Velvet Lad, he by Collynie Magic Lute. Velvet also got Aberfeldy Acme, a summer yearling bull entry.

## Scotch Shorthorns Selling at St. Mary's

THIRD in the great series of Shorthorn sales is the auction at Robinwood Farm, two miles south of St. Mary's, Ont., on Tuesday, October 4. Most of the Robinson Bros.' entries are by Robinwood Model and Robinwood Clerk, both of these herd bulls being sons of Collynie Royal Barrage (Imp.), bred by Duthie Webster.

The eleven head from H. Noel Gibson's herd features the blood of his bull, Proud Arrow, a grandson of the noted Browndale Member.

Ernest Robson ": Sons consign several females sired by, or bred to, Rare Commander, another grandson of Browndale Member. Also two open heifers by Divide Advance.

The seven head selected from the well-known herd of J. A. Watt include two heifers by Millhills Ransom (Imp.), that also sired one of the bulls contributed by Robinson Bros. Ransom's gets are certain to attract keen interest.

## Guernseys Sold at King

SOME splendid "buys" were available at the Guernsey sale held at King, Ont., September 17, by Ethelmere Farms, King, and Valley Crest Farm, of Oakville, Ont. Indeed, W. C. Harris, of King, was so impressed with the opportunity presented that he took eleven head, including the 4-year-old cow, Ethelmere Flora Dora, at $185; the yearling bull, Valley Crest Aristocrat, at $150; the fresh 6-yr.-old cow, Lakewood Nancy, at $150; the 8-yr.-old cow, Don Alda Pauline's Daisy, at $137.50; 4-yr.-old V.C. Gladys, $135; the 4-yr.-old Fenham Madam, $130, and two head at $100 each.

Several other buyers were from the King and Oakville districts, including R. McLelland, of Maple, who paid $185 for the 7-yr.-old, Rosewood Duchess, and $150 for the 5-yr.-old, Brooknill Diana. Geo. H. King, Oakville, took the 4-year-old, Lakewood Lady, at $135, and the 2-yr.-old, V.C. Primrose Queen at $110. Mrs. F. W. Orrall, Sault Ste. Marie, bought the 6-yr.-old Briar Rose of Ethelmere for $180 and the 7-yr.-old Royal's Peg of Ethelmere for $125. A. Wetherall, Woodbridge, $110 for the 2-yr.-old E. Pride and $110 for the 4-yr.-old Lakewood Countess. J. D. Elmsley, Oakville, got the 9-yr.-old Lady Jane of Ethelmere at $115, while L. Nichols, Gormley, paid $100 for the 10-yr.-old, Aida of Ethelmere, and Leask Bros., Seagrave, $100 for the 4-yr.-old V.C. Frances.

Other buyers included: Thos. Roadhouse, King; H. Kelly, Schomberg, and E. Pearce, Claremont.

Mr. G. W. Hinman, Madison, N.Y., purchased 45 pure-bred Holsteins in Eastern Ontario. Breeders supplying cattle are: J. Kenneth Thorpe, South Mountain, 9; Alex. R. Collison, Brinston, 8; Clarence Green, Lyn, 5; Herb. Cuthbertson, Perth, 3; J. W. MacLeod, Dalkeith, 3; John McArthur, Lancaster, 6; two each from Jas. Couch, Smith's Falls; E. H. Mills, Spencerville; Stanley Stephenson, Russell; Jos. G. Judge, Jasper; and one each from Geo. H. Goodfellow, Lancaster; J. and R. Bowes, Almonte and Victor Kellough, Almonte.


**OPPORTUNITY**

**TO BUY SHORTHORNS**

**FROM THREE NOTED HERDS**

**At Glenburn Farms, Unionville, Ont.**

**Wednesday, Oct. 5th, 1938**



Rosie O'Grady, grand champion Shorthorn female at London, Saskatoon and Regina for John Gardhouse & Sons, Weston, Ont. Her bred, show daughter is selling.

T. A. RUSSELL
Brae Lodge Farm, Downsview, Ont.

T. A. Russell consigns 4 bulls and 6 females. . . . Three of the bulls and 2 heifers sired by the outstanding show and breeding sire, Brae Lodge Footprint, winner at the C.N.E. in 1935 and 1936 of the E. J. Freysenq Cup for best bull bred and owned in Canada. . . . One bull by Divide Gold Nugget that gained outstanding success in the Allen Cattle Company herd, Colorado Springs, Colorado, and which topped their 1936 sale at $1,800. . . . Two heifers by Raveni Master, great show and breeding bull and great-grandson of Browndale Count. . . . One bull and 2 heifers out of good Rosewood cows that have won outstanding showring success. . . . A choice, junior bull calf out of the great breeding matron, Nonpareil 60th (Imp.), mother of Brae Lodge Nonpareil, undefeated as a junior yearling and winner of five grand championships.

J. GARDHOUSE & SONS
Aberfeldy Stock Farm, Weston, Ont.



Three choice entries of T. A. Russell, Weston, Ont. From left to right, Rosewood 60th, Rosewood of Brae Lodge 2nd and Brae Lodge Crocus 5th.

F. H. DEACON
Glenburn Farms, Unionville, Ont.

John Gardhouse & Sons are selling 2 bulls and 8 females. . . . Four 1937 daughters of Velvet Lad, including—Rosebud Camelia, red, undefeated as calf on Western Circuit; jr. ch. at Brandon and Regina; res. jr. at Calgary, Edmonton, Saskatoon and London. Princess Bloom, red show heifer from 1st prize winner at 1935 Royal. . . . Two show heifers carrying the service of Princeton Publican, undefeated aged bull in the West—Rosewood Caroline, red daughter of Rosie O'Grady, grand champion female at London, Saskatoon and Regina. The roan Princess Averne, top jr. yearling at Brandon and well up at other shows. . . . The Roan Laddie 2-yr.-old, Aberfeldy Rosewood, will have calf at side by Princeton Publican. The roan 2-yr.-old Victoria Princess, full sister of the $315 heifer, sold to Maxwelton farms last year. . . . A red, Oct. '37 bull by Brae Lodge Footprint, and a summer yearling show bull by Velvet Lad.



Glenburn Declaration, consigned by F. H. Deacon, Unionville, Ont. This bull stood first as a calf and first three times as a yearling. His full sister, Glenburn Clara 6th, was C.N.E. grand champion.

F. H. Deacon offers 2 bulls and 16 females . . . Glenburn Declaration, dark red, Jan. '37 son of Bugler's Guard; deep, smooth, good-headed bull that stood first at C.N.E. as calf, and at his first three shows as yearling. His full sister, Glenburn Clara 6th, undefeated as 2-yr.-old at seven 1937 shows, and gr. ch. female at 1936 C.N.E. Glenburn Defender, red, Nov. '37 son of Brawith Chief. Smooth, deep, lowset calf by sire of 1st prize get at seven 1936 shows . . . 6 good cows—Glenburn Goldie, from the mating of 2 International grand champions, bred to Bugler's Guard. Glenburn Rosewood 4th, smooth full sister of cow that dropped the great 1936-37 International grand champion, Rosewood of Heifred 4th; rebred to Bugler's Guard. Glenburn Graceful Lass 5th, richly bred sister of the dam of the $530 Glenburn Brigadier; sells with roan heifer calf by Brawith Chief. Glenburn Jilt 3rd, typical of the breedy, good-headed, rich-colored daughters of Glenburn Field Marshall. Her first calf, by Brawith Chief, selling separately; rebred to Bugler's Guard. Glenburn Gloster Queen 4th, full sister of Glenburn Acquisition, prominent prize-winner sold to Jas. Douglas & Sons. Glenburn Brawith Bud 2nd, short-legged heifer and good milker, that did well by her first calf, and rebred. . . . Also, 10 choicely bred heifers that are prize winners or from families prominent in the show-ring.

*For a Catalogue Address*

**KENNETH DEACON - - - - - - UNIONVILLE, ONT.**




# Unions and Agriculture

(*Continued from page 3*)

desires and actions as surely as the law of gravity determines the behaviour of inert matter. Certain agitators out West convinced some of the farmers that this law was a myth, that higher prices could be forced on the consumer if they organized. They tried what you suggest as "the only solution", to demand that the producers get a fair share of the wealth they produce. The rest of the story is sad, too sad to bear repetition. Now, the law of supply and demand determines the price of services as inexorably as it does that of goods. Cite any period of prosperity you will and you will find it was a period when government interference and labor strikes were at a minimum, a period when the supply of goods almost filled the demand for them. Name any depression in history and you will find it was an era in which there was an excess of some class. The balance is missing.

In England, when the steam engine was introduced and the factory system began, there was an excess of weavers and spinners and thousands were thrown out of work. One with a machine could do what thirty had done before, working at home by hand. The factories could and did fill the demand. The manual workers were forced to abandon their trade and become established in some other form of employment where there was a demand for their services.

Every major depression since has had this same characteristic, an over-supply of some class of labor. During the past forty or fifty years we have had a revolution in agriculture. It has come slowly and unostentatiously. The day of the ox cart and the flail on the barn floor have given way to ten-ton trucks and combines. Nor is this all. Every farm machine has had its efficiency increased to give a net gain of forty to one. Neither is the revolution ended. Research along chemical and organic lines may double the present efficiency in agricultural production without considering the advances made in producing synthetic substitutes in factories for products that were once cultivated in the fields.

What is to become of these surplus farmers who persistently produce more than is required? When a number accumulate in the cities, more often than not a fatherly city council gives them a few dollars and sends them to some desolate spot in the north to live a primitive life of self-sufficiency. Why are they not absorbed in city life? Many factors enter this complex equation. One of them is the price of labor. If the supply increases the price should find its own level, and eventually it will in spite of any and all obstacles. Why does it not strike a balance? Because the government passed a minimum wage law that is too high and unions have in certain cases monopolized the market.

Possibly this is somewhat detached and far away, so let us take a case in point to prove exactly why your adroit manipulation of percentages is false. Tour Ontario from Fort William to Kingston and count the number of farm houses being built which might be called modern. Enquire how many were financed solely from current farm receipts and you will count them on the fingers of one hand. Why? Without doubt, the demand is present, the materials are present, and the labor to build them is present. Why? Entirely because the farmers are unable to meet the demands of organized labor. When a man is willing to work for what he can get he will not be idle for long, and, if he is a carpenter, new buildings will go up. This is the major if not the sole cause of the slums in England. The building trades have refused to work for the poor people. They insist on high pay for a lazy day. The case of automobiles is analogous. What was once a large market for new cars is now a nightmare of second-hand crates. And so on with other commodities and services. The farmer is out of the market and those who once supplied his wants are unemployed.

To get back to your unwarranted criticism, I would like to point out that your communistic line against the "financial manipulators and money changers" is a boomerang, since a substantial portion of all large industrial enterprises is owned by their employees. Your "exploiters and manipulators" are only boogeymen since you dare not name one. Midst unsound platitudes and "ifs and ands", reminiscent of an old doggerel, I find a reference to the long hours of hard labor in China. Then you jump to an unsound conclusion. Later you conclude a paragraph with "Work, not money, creates all wealth". This I am sure is original. To begin with you contradict your former conclusion. I believe you will agree in defining wealth as goods which someone desires. In the second place no one ever inferred that money as such ever produced a pair of pliers. Further, a man carrying a boulder up a ladder and dropping it, over and over again, is working but not producing wealth. All work that produces wealth is intelligently directed. A further requirement in the production of wealth is that if the individual is unable to buy his own equipment (rolling stock, dies, etc.) someone else must buy them for him to achieve the desired result. This is one reason the Chinese are so poor. They cannot finance their tools. They cannot afford to be rich. You seem to believe all that is necessary is for them to join a union and become rich.

In regard to your reference to railway labor costs, it is sufficient to point out, that you cite the fair balance of 1920. Although the average wage of railway employees has only increased ten per cent since, the wages of any given individual are probably double today what they were then. On the other hand, commodity prices are only about one-half what they were then, and present farm income is largely absorbed in fixed charges, such as taxes, interest, etc. There was a satisfactory balance then, but such a condition has long since disappeared.

Your reference to Premier King has no bearing on the subject. Mr. King is a politician and as such desires the support of organized labor at the next election.

In conclusion, I believe in fair competition and an equal opportunity for all Canadians and not special privileges to certain classes, granted by decree of government or any other body, and if you think you can bankrupt all trade and industry as you have the railways, you are sorely mistaken.

## Seven Were Veiled

(*Continued from page 7*)

wa'n't anxious to be seen. You think it was Francine. And 'twa'n't more 'n hour or two later—jest about time for p'ison to 'a' took holt—that Heath hed his spell."

Elisha looked out of the window where the rain was lashing drearily against the pane, and his eyes were narrow and thoughtful.

Phyllis gave an impatient gesture.

"But, Elisha, all this can wait. We've got to go after Francine."

"One thing at a time. I sent Bill Deeter hotfootin' it down that wood road fifteen minutes ago, and I jest told Sim to go after him and git started searchin' the salt meaders."

He put his hand inside his old black sweater, rummaged in the pocket of his shirt, and drew out an envelope folded in the middle.

"You may as well see this. Come in the mail last night. I jest picked it up as I come by the post office."

Christopher drew out the single sheet of note paper and unfolded it with a puzzled frown. Then he gave a roar.


**Greater Economy and Satisfaction**

**—easier Operation, with a**

**FLEURY**

**"RAPID-EASY"**

**HAMMER MILL**



Greater capacity, superior quality of work, lower power requirement, convenience and ease of operation, and low upkeep cost make these mills economical and time-saving. A light cheap mill is poor economy when you can get capacity plus quality with the "Rapid-Easy." Material is broken up by hard steel hammers, without rubbing against the screen, until fine enough to pass through. Less friction; less power; less time. Write for free illustrated folder on the "Rapid-Easy."

**Four Sizes**

"Rapid-Easy" Hammer Mills come in four sizes for the stock feeder, neighborhood miller, custom man and commercial plants. All built of best materials by expert workmen.

*Write for FREE Booklets on any of the following Implements*

Tractor and Walking Plows • Feed Grinders • Crushers and Flakers • Root Cutters and Ensilage Cutters • Disk Harrows — Horse and Tractor Types • Spring-Tooth Lever Harrows • Seed and Smoothing Harrows • Scuffers and Weeders • Spring-Tooth Wheel Cultivators • Land Rollers, Packers, Stoneboats • Tillers, Grape Hoes, Wheelbarrows, Saw Machines.

**FLEURY-BISSELL LIMITED**

ELORA, ONTARIO

SUCCEEDING

J. FLEURY SONS LTD., AURORA, ONT. Established 1859 — T. E. BISSELL CO. LTD., ELORA, ONT. Established 1893

**Implements for the Canadian Farmer**



**PUBLIC SALE—**

**of Scotch Shorthorn Cattle**

**in the Winter Fair Buildings, Guelph, Ont.**

**SATURDAY, OCT. 1, 1938**

**The 38 attractive lots comprise 12 cows with calves at foot, 10 bred heifers, 9 open heifers and 7 bulls, and have been selected from these three outstanding herds—**

C. M. BLYTH, Blythwood Farm, Guelph — ROBT. ELLIOTT & SONS, Mapleton Farms, Guelph — WM. J. KAY, Stonehaven Farm, Guelph

W. J. Kay is selling—2 good bulls, one a thick, meaty summer yearling out of a Browndale Supreme cow; the other a senior calf out of a Field Marshal dam, with the next dam by Browndale Goldspur, one of the best sons of "Count". Also 2 heifers, one a thick junior yearling out of a show cow, and bred to the new bull, Killearn Beauty Lad 2nd. The open heifer is by a Deacon sire.

Robt. Elliott & Sons consign—3 cows with calves, and all rebred to Collynie Hilyard, Imp., bred by Duthie Webster, and carrying a double cross of Collynie Royal Leader blood . . . including the 5-yr.-old roan, Mapleton Blossom 7th, with roan heifer calf by Hilyard. Her good, dark roan yearling daughter also in sale. . . . The red 3-yr.-old Mapleton Beauty 5th, with very attractive red, Jan. heifer calf by Blythwood Golden Archer. . . . The smooth, red 6-yr.-old, Mapleton Mischief 2nd, with red, Jan. bull calf by B. Golden Archer. She is an exceptionally good milker and a splendid breeder. . . . Also, one dark red bull, Mapleton Cornet, just turned year, out of Glenburn Myrtle, an exceptionally good milking, 5% cow. Out of this same cow is the red Mapleton Myrtle, just turning two, and due in October to the imported bull. Meriting particular mention, are the red summer yearling, M. Mischief 5th; the roan summer yearling, M. Missie 5th, and the beautifully headed, deep, smooth M. Orange Lady, just turned year. . . . Seven heifers in all, three being bred to Collynie Hilyard, Imp., a bull of real outstanding type and pedigree.

C. M. Blyth contributes—7 cows with calves at foot, 6 bred heifers, 4 open heifers and 4 bulls. Males include, the red, thick, smooth Blythwood Goldust, born Oct. 20, '37, out of a richly bred Roan Lady cow and sired by Divide Goldust, Blythwood Beau, dark red, b. Oct. 12, '37; stylish, good-headed bull, out of good Rosewood cow. Blythwood Mint, blocky, deep, smooth roan, b. Nov. 20, '37, by Divide Goldust and out of B. Roan Lady, one of Blythwood's best cows. Lancaster Archer, red, b. Jan. 4, '37, by son of Divide Golden Archer, smooth, deep, good-headed bull, ready for heavy service. . . . The cows comprise—Blythwood Roan Lady 21st, red 5-yr.-old, a richly bred Roan Lady out of an imported cow; real foundation cow, regular breeder, excellent milker, with red Jan. bull calf by Divide Goldust at foot, and rebred to him. The good breeding Rosewood Lady 8th, red 9-yr.-old, beautifully bred Rosewood out of imported cow, with red heifer calf by Goldust. Rosewood Lady 9th, 7-yr.-old roan daughter of Drynie Rosewood (Imp.); excellent breeder, with outstanding dark roan bull calf by Goldust, and rebred to Blythwood Golden Era. Rosewood Gold, red, 5-yr.-old, by Drynie Rosewood (Imp.); deep, thick, lowset cow with red bull calf. Blythwood Roan Lady 29th, red 2-yr.-old, out of same Roan Lady cow as Blythwood Stamp and B. Scottish Special, two bulls that were champions and outstanding sires; has red bull calf at foot, by Godust and rebred to B. Golden Era; one of most valuable breeding prospects in sale. Missie Blythwood 11th, red, richly bred 2-yr.-old that shows her breeding value by the excellent red bull calf at foot, by Divide Goldust, and rebred to him. Augusta Pet 5th, beautifully bred 2-yr.-old, with outstanding bull calf at foot by Princeton Queller, J. A. Watt's herd sire.

For a catalogue write to—

**COLIN M. BLYTH - - GUELPH, ONT.**



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES

ARCHIVES PUBLIQUES

CANADA

"Good Lord, Elisha! Who sent this?"

Phyllis snatched the note from his hands, and her lips whispered over the words that were printed there:

"'In the interest of justice I feel it my duty to tell you that Marvin Heath was killed by a veiled lady.'"

XXIII

Just that. There was no salutation, no signature. And the letters had been carefully cut out of a magazine and pasted on the sheet of note paper.

"Ben readin' detective stories, that feller had, I shouldn't wonder. They gen'ally fix up their letters thataway, I'm all I hear. But it's a pretty good dodge. Pretty hard to trace a thing like that."

"But the address—that must be a give-away."

Elisha shook his head.

"'Tain't."

He gave a dry chuckle. Pretty smart, that was. Fact is, I left my copy of the *Chronicle* in the settin' room yesterday—right in the big chair abaft the fireplace, and they jest cut off the stencil address and pasted it on the envelope."

Phyllis' jaw had an angry set, and her face was flushed. She tossed the letter down on the table as though it scorched her fingers and walked to the window—staring with angry eyes at the storm-whipped landscape.

"It's not hard to guess who sent it. But I didn't think even he would stoop to anything so contemptible."

Elisha raised his eyebrows. "This feller Garrison?"

"Of course."

He picked it up and put it in his pocket. "Wall, you're probably right. Jest the same I'm goin' to send it up to the city to find out if they's any finger-print on it. Meantime, this ain't findin' Francine. Guess we'd better concentrate our forces. Them salt meaders ain't goin' to be easy to cover, not in this storm, they ain't."

At the door he turned back.

"Seems kind of queer, Phil, you seein' that weddin' veil walkin' right out of your life, so to speak, and not doin' anythin' about it. I'd almost 'a' thought you'd 'a' run after it or yelled for Chris and got him to."

Phyllis wheeled sharply and looked at him, and slowly the color drained out of her face.

"Why, Elisha . . ." she whispered.

Christopher's hand closed warningly over her fist as it gripped the back of the chair.

"I don't think it was very strange, Phil has been through a lot the past few days. Waking up like that in the middle of the night, naturally she was confused."

"Sure, I understand. Got the heeby jeebies, didn't ye? Thought ye was seein' things, I guess."

XXIV

In the coatroom at the end of the hall the men were hurriedly donning waterproof coats and old hats. Christopher was shrugging his broad shoulders into a stained oilskin when Phyllis ran down the stairs and stood before him, a determined little figure in flannel slacks and a black rubber coat and broad-brimmed hat.

"Darling, you can't come! You can't do any good, and you'll be soaked."

"I'm going with you, Chris! I couldn't bear to stay here, wondering. Rain won't hurt me."

He eyed her worriedly. "But, sweetheart, it's no job for a girl, and we'll be too busy to look out for you."

"Let's git agoin', boys." Elisha's head popped in at the terrace door, and with it came a great gust of wind and rain. His eyes lighted on Phyllis.

"What's this? Where do you think you're goin'?"

"Please, Elisha."

He gave her another searching look and grunted.

"Oh well, don't know 's it 'll do ye any harm. 'Tain't no picnic we're agoin' on, but you know that, I guess. Snap into it, boys."

Across the soaking lawn, head down against the slashing storm. Then the lane, with the overarching trees making a dripping cavern. The rain was a soft staccato patter on the roof of foliage.

Then they were out of the woods, on the sandy road that led across the meadows, and there was stinging salt spray mingled with the rain.

The men slogged along ahead in a sober, pre-occupied haste that seemed to shut her out. Even Christopher was apparently no longer aware of her. He was ahead there with Elisha, body bent against the wind. Now and then they exchanged a brief word, but their voices were weak and hollow against the noise of the tempest. Through the driving rain Phyllis could see other men in the distance, moving over the rough hummocks of beach grass.

It seemed to Phyllis that her very feet dragged with the weary despair that was in her heart. Could it be only two days ago that she had stood in the library and felt her world crash about her head? And as though at the crack of some diabolic whip the devil dogs of terror and hatred and death had been unleashed; and now they were tearing apart this little group of friends.

Father dead—and that mild gentle old man; and Francine was somewhere out here in the storm. Hatred and suspicion among those who were left. And now even she and Christopher were floundering in the black morass of tragedy, mired with the same mud as the others, for they had lied to Elisha.

What sent Francine fleeing from the house last night with the sterling well floating about her? Could Phyllis have stopped her? Suppose she had called from the bedroom window—might it have saved Francine?

Saved her? From what?

And the unknown old man—he had even then been lying somewhere in the woods through which Francine had passed.

Could it have been Francine who killed him? Might she, flying through the woods, have come upon him unexpectedly and shot him?

Francine—golden haired, feminine, fragile—fleeing through the night with a loaded revolver in her hands?

And then she remembered her own swift pursuit of that white figure. The shot might not have been heard from the house, but surely she would have heard it. No, it had not been Francine.

And then the question came again, more insistently now:

What was Christopher doing in the woods that night?

She gave her head an impatient shake as though to toss off with the raindrops that nagging question that demanded an answer.

It was too ridiculous. And she couldn't insult Christopher by asking him.

"Heavy going, little one." Pete Bishop was linking his arm in hers.

She gave him a brief white smile as they trudged on together in silence. And at last they climbed the long sandy slope to the cut through the dunes and came out onto the beach that stretched away on either hand into a blue smother of mist and foam. The wind was coming straight in off the ocean, and huge white-capped rollers pounded on the shore.

"Better stay up here where you'll get some shelter from the dunes," Pete advised. He was in a hurry to join Christopher and Elisha, who were already halfway down the beach.

"What are they going to do?"

"Take a trek up and down the shore, I fancy, though I don't believe there's a chance of her being here."

Pete's voice was offhand and did not betray his own belief that Elisha had chosen the most likely spot for his search.

"You stay there. We won't be long."

Then Elisha was going off in one direction and Pete and Christopher in the other, and their dark figures quickly grew blurred and indistinct against the storm.

And presently she was alone, a desolate, bedraggled little figure in a shiny black coat and storm hat, crouching in a hollow among the dunes with the surf roaring in her ears.

*(To be continued)*

## Practical Discussions

*(Continued from page 5)*

Hens must be comfortable to lay well. Plenty of room . . . no overcrowding on floor or roost . . . and plenty of fresh air without draughts needs to be provided. They also require plenty of room to eat, which means an adequate amount of hopper space for all. If the houses are damp the hens will not be healthy. Part cotton on some of the windows, in addition to poultry netting, will provide fresh air.

The best of laying mash pays well. This can be made at home if one is sure not to leave out any of the necessary items. One can use a mixture of whatever ground grains he or she has, but a variety of grains is a neeessity. After grinding them, one should add 10 per cent beef meal or fish meal, 1 per cent salt, 1 per cent cod liver oil and 3 per cent bone meal. A portion of alfalfa meal may be added or the alfalfa can be fed as hay, enclosed in a piece of wire netting hung where the hens can get it.

Keep the laying mash in hoppers all the time. Little or no scratch grain should be fed in the morning as the hens will not be hungry for the mash if their crops are full of grain. The grain fattens the hens and produces the egg yolks, but they may be absorbed by the hen, and not finished as eggs if the materials for making the whites are lacking. The mash provides the materials for making the whites of eggs.

Oyster shell is required for the shells, while the hen needs grit for grinding the grains.

The scratch feed is only needed at dusk . . . what the hens will clean up quickly, giving more in colder weather and less as mild weather comes on. Use mixed grain, wheat, cracked corn, oats, barley and buckwheat. The hens like variety. Some grain is too fattening; corn alone will not do.

Nothing is more important than fresh water. At daybreak when the hen leaves the roost she looks first for a drink. How can she eat enough dry mash without plenty of fresh water? Set the fountains up so that litter will not be scratched into them as the water must be clean.

Sanitation is of the utmost necessity if hens are to be kept healthy . . and unhealthy hens will not lay. Vermin must be destroyed and the roosts kept free from mites. Feed nothing on the floor; use troughs for the scratch grain. The nests should be kept cleaned out as well. I have used ashes in the bottom of the nests, covered with straw to keep down mites. Broken eggs will run through straw and breed mites if nothing else is in the bottom of the nest.

One person should look after the hens. They do not like strangers. Frightened hens will not lay, so move quietly and carefully among them.

Gather eggs frequently so they will be less likely to be broken in the nests as the hens are apt to start eating them if this happens, and the habit is hard to cure when once started.

Cull out any hens that lack good appearance. Know your hens and study their needs and they will prove a good investment.

WHITE LEGHORN FAN.

Peterboro Co.

---

Highest yields of flax per acre are obtained in France, Belgium and Northern Ireland, where the industry is an old established one. Much of the output in Northern Ireland may be said to be of Canadian origin, the pedigree flax seed grown in Canada and exported to Ireland being much in demand in that country. In Canada, an excellent quality of flax seed is grown for all purposes.


# St. Mary's Shorthorn Sale

**41 Choice Shorthorns from 4 Leading Herds**

**8 cows, 6 with calves at foot . . . 30 bred and open heifers . . . 3 bulls selling at**

**Robinson Bros. Farm, St. Mary's, Ont.**

**TUESDAY, OCTOBER 4th, 1938**

**Robinson Bros., St. Mary's,** contribute: 2 good bulls, including a thick-fleshed, well-balanced, good-headed, dark roan son of Millhills Ransom (Imp.). He should prove one of the year's tops. Also listed are 12 good heifers of pleasing color and conformation . . . with pedigrees as fashionable as found in any herd.

**H. Noel Gibson, Delaware, offers:** 5 good cows, 3 of which have calves at foot. Also 6 attractive heifers, all being roans with good heads and excellent type. Their pedigrees exceptionally choice.

**Ernest Robson & Son, Denfield, will sell:** 3 excellent cows with calves at foot. Butterfly Rose, dark roan, would be an outstanding cow in any herd, sells with roan bull calf by Rare Commander and rebred to him. Others are a Rosewood and a Jilt. Also, a good, bred 2-year-old heifer and 5 attractive open heifers. All have fashionable pedigrees.

**J. A. Watt, Elora,** has a good red yearling bull and 6 outstanding heifers. The pedigrees are up to the high Watt standard. Two of the heifers by Millhills Ransom (Imp.). Both are tops . . . and one, a nice roan, can be made a winning senior calf for the Royal Winter Fair.

For catalogue write— Sale under cover

**ROBINSON BROS. - - ST. MARY'S, ONT.**



# For Better Cows Use An Ayrshire Bull

**Ayrshires sire profitable cows that give most 4% milk**

• • • During the past six months 783 head of purebred Ayrshires, of which some 50% were calves and uncalved heifers, were sold at public auction in Canada and the United States and realized a total of $166,248.34 or a general average of $212.32. According to the publications of other dairy breeds, the following are the auction prices reported for a similar period—(A) breed—974 head, averaged $237.00; (B) breed—1,744 head averaged $165.00; (C) breed—941 head averaged $150.00. Evidence that as a Dairy Cow the Ayrshire holds a very high position.

**WE WILL GLADLY SEND YOU FULL PARTICULARS REGARDING THIS GREAT FARMERS' BREED AND WHERE YOU CAN GET A HERD SIRE OR FEMALES. ADDRESS YOUR REQUEST TO—**

**Canadian Ayrshire Breeders' Association**

505-6. 18 Rideau St. Ottawa, Canada




## Mac's Meanderings

THE season of the Fall Fairs is at hand and you may judge from the condition of farm work throughout the countryside that the Fairs will be well attended. With the exception of clover seed and buckwheat, threshing is about done. The silos also are pretty well all filled. Plowing has not yet become such an urgent job that one could not let it stand for a day or so to take in the local or neighboring fairs.

Personally I have only attended one fair to date, but that one reported an all-time record in the matter of attendance. I am also quite sure that, in so far as live stock is concerned, the numbers were well above the average of past years.

For some years the smaller fairs have been having rather a hard time of it. Too many people get tired going year after year to what they term "the same old thing". Human nature (or modern human nature) craves excitement and too many people forget that the fair is not primarily an excitement-producing institution. Rather is it primarily an educational concern with a little excitement thrown in like spice in solid food. But a lot of people come and eat up the spice without trying to find out anything about the rest of the meal.

Just the same the life of a fair depends upon getting the crowds and you can't draw the crowds to a small fair only by one string. There must be variety. Some will spend most of their time looking at cattle, others at horses, some at the farm produce. Some are most interested in the needlework and some in the Midway. If there is an excuse for the latter it is that those drawn thither may accidentally become interested in some more valuable feature and return home with something worth while after all.

Personally my experience with the small fairs has been more often in the role of a small exhibitor than merely as a spectator. Some people have a flair for one thing and some for another. I have had a flair for taking a few head of stock to a few of the local fairs and quite frequently getting pretty badly trimmed thereby. If it takes a good sport to come back for more, then I must be a pretty fair sport.

As an exhibitor, and from the viewpoint of an exhibitor, I have watched the small fairs grow from the "horse and buggy" days to today, when every available foot of ground on the fairground, as was the case of the fair I attended yesterday, was packed with cars. And not only that, but the roadside lined for rods in either direction from the fairgrounds. I can remember when each fair had its little group of local exhibitors and for some outsider to come in with anything of a bulky nature was most unusual.

Today it is different and there is no difficulty in loading a truckful of cattle or other live stock and covering all fairs within a radius of thirty miles or so. The same fitting and the same gathering of necessary equipment does for four or five fairs. Once the necessary help become somewhat broken in, the hardship connected therewith is not serious. Even the animals become accustomed to the turmoil and through time, show little ill effect. But these long-distance exhibitors are more or less a source of worry to local exhibitors. They never know just who to expect and, while they have been constant supporters of the home fair, they may find themselves robbed of their prize money at any time by two or three outsiders. Just the same, in most cases the fair boards welcome the outsiders because they bring more people to the fair from wider distances to see how so and so's cattle or horses are going to stack up against somebody else's. Some fairs make an effort to see that special prizes are retained in the local district. In such cases when regular prizes are not sufficiently tempting to draw outside exhibitors the local exhibitors have little competition. However, as I mentioned at the start, the management of small fairs is quite a problem anyway one looks at it, and those men who do their best to carry on a successful fair year after year, are deserving of a great deal of sympathy, rather than the criticism that they quite often get.

---

In the war against mosquitoes, the cause of malaria in Australia, the civic authorities of Brisbane have placed Medaka fish in all of the city pools. The medaka resembles a small goldfish and has a voracious appetite for mosquito larvae.

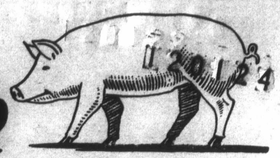
## The Song of the Lazy Farmer



WHEN I was young the women wore a lot of clothing on before and twice as much as that behind, but now it seems that they don't mind a-goin' 'round with ev'ry knee in plain sight for the world to see. It used to be a cause for shock if you should glimpse a piece of sock, but now bare ankles ain't no treat; in fact, you see a lot of meat where'er you go, for folks expose more than they cover up with clothes. The bathin' suits girls wear to-day would make my mother faint away, when she was fixed up for a swim you couldn't see a leg or limb. But nowadays competition's keen to let a lot of hide be seen. Just why the women want to show bowlegs or swaybacks I don't know, the most has got so many flaws they ought to wear more clothes because their clothes is prettier than them; when covered up with stitch and hem they don't look bad, but what a fright they are when they're exposed to sight;

If we could make them women see how better lookin' they would be with plenty clothes hung on their frame to cover up the faults of same, we'd have a market for our wool. This farmin' job would be less tough if women only wore enough, the skirts they wore in mother's day would surely make our farmin' pay; the clothes she wore, both thick and full, used up an awful lot of wool. Prosperity will come again if women listen to us men, and hide their blemishes from view, and cover up their legs, in lieu of struttin' 'round for all to see their bunions and their corns, by gee!


# FEED YOUR HOGS... the SHUR-GAIN WAY and GET $50.00-per-ton FOR YOUR GRAIN



**And not only will you get more than double the present market price for your grain but you will also be building better hogs—healthier, thriftier, more "selects" per litter.**

**With ample grain for feed this season's farmers with an eye to extra profit are looking to this method of marketing their grain at high prices. Here is the way to figure it:**

1. **Grain at cash prices is worth $20.00 per ton.**
2. **650 lbs. of grain plus $1.40 worth of SHUR-GAIN Hog Concentrate will build 200 lbs. of pork on a weanling pig.**
3. **With hog prices at 9c, that 200 lbs. of pork will bring you $18.00. Subtract the $1.40 for SHUR-GAIN Hog Concentrate and the balance, $16.60 is what you actually get for 650 lbs. of grain — or, more than $50.00 per ton!**




**See your SHUR-GAIN Dealer now and have him give you greater details of the extra profit from every hog fed the SHUR-GAIN way.**

**SHUR-GAIN HOG CONCENTRATE**

MADE BY CANADA PACKERS LIMITED — FEED DIVISION

MONTREAL TORONTO WINNIPEG EDMONTON


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

"Good Lord, Elisha! Who sent this?"

Phyllis snatched the note from his hands, and her lips whispered over the words that were printed there:

"'In the interest of justice I feel it my duty to tell you that Marvin Heath was killed by a veiled lady.'"

XXIII

Just that. There was no salutation, no signature. And the letters had been carefully cut out of a magazine and pasted on the sheet of note paper.

"Ben readin' detective stories, that feller had, I shouldn't wonder. They gen'ally fix up their letters thataway, I'm all I hear. But it's a pretty good dodge. Pretty hard to trace a thing like that."

"But the address—that must be a give-away."

Elisha shook his head.

"Tain't."

He gave a dry chuckle. Pretty smart, that was. Fact is, I left my copy of the *Chronicle* in the settin' room yesterday—right in the big chair abaft the fireplace, and they jest cut off the stencil address and pasted it on the envelope."

Phyllis' jaw had an angry set, and her face was flushed. She tossed the letter down on the table as though it scorched her fingers and walked to the window—staring with angry eyes at the storm-whipped landscape.

"It's not hard to guess who sent it. But I didn't think even he would stoop to anything so contemptible."

Elisha raised his eyebrows "This feller Garrison?"

"Of course."

He picked it up and put it in his pocket. "Wall, you're probably right. Jest the same I'm goin' to send it up to the city to find out if they's any finger-prints on it. Meantime, this ain't findin' Francine. Guess we'd better concentrate our forces. Them salt meaders ain't goin' to be easy to cover, not in this storm, they ain't."

At the door he turned back.

"Seems kind of queer, Phil, you seein' that weddin' veil walkin' right out of your life, so to speak, and not doin' anythin' about it. I'd almost 'a' thought you'd 'a' run after it or yelled for Chris and got him to."

Phyllis wheeled sharply and looked at him, and slowly the color drained out of her face.

"Why, Elisha . . ." she whispered.

Christopher's hand closed warningly over her fist as it gripped the back of the chair.

"I don't think it was very strange. Phil has been through a lot the past few days. Waking up like that in the middle of the night, naturally she was confused."

"Sure. I understand. Got the heeby jeebies, didn't ye? Thought ye was seein' things, I guess."

XXIV

In the coatroom at the end of the hall the men were hurriedly donning waterproof coats and old hats. Christopher was shrugging his broad shoulders into a stained oilskin when Phyllis ran down the stairs and stood before him, a determined little figure in flannel slacks and a black rubber coat and broad-brimmed hat.

"Darling, you can't come! You can't do any good, and you'll be soaked."

"I'm going with you, Chris! I couldn't bear to stay here, wondering. Rain won't hurt me."

He eyed her worriedly. "But, sweetheart, it's no job for a girl, and we'll be too busy to look out for you."

"Let's git agoin', boys." Elisha's head popped in at the terrace door, and with it came a great gust of wind and rain. His eyes lighted on Phyllis.

"What's this? Where do you think you're goin'?"

"Please, Elisha."

He gave her another searching look and grunted.

"Oh well, don't know 's it 'll do ye any harm. 'Tain't no picnic we're agoin' on, but you know that, I guess. Snap into it, boys."

Across the soaking lawn, head down against the slashing storm. Then the lane, with the overarching trees making a dripping cavern. The rain was a soft staccato patter on the roof of foliage.

Then they were out of the woods, on the sandy road that led across the meadows, and there was stinging salt spray mingled with the rain.

The men slogged along ahead in a sober, pre-occupied haste that seemed to shut her out. Even Christopher was apparently no longer aware of her. He was ahead there with Elisha, body bent against the wind. Now and then they exchanged a brief word, but their voices were weak and hollow against the noise of the tempest. Through the driving rain Phyllis could see other men in the distance, moving over the rough hummocks of beach grass.

It seemed to Phyllis that her very feet dragged with the weary despair that was in her heart. Could it be only two days ago that she had stood in the library and felt her world crash about her head? And as though at the crack of some diabolic whip the devil dogs of terror and hatred and death had been unleashed; and now they were tearing apart this little group of friends.

Father dead—and that mild gentle old man; and Francine was somewhere out here in the storm. Hatred and suspicion among those who were left. And now even she and Christopher were floundering in the black morass of tragedy, mired with the same mud as the others, for they had lied to Elisha.

What sent Francine fleeing from the house last night with the wedding veil floating about her? Could Phyllis have stopped her? Suppose she had called from the bedroom window—might it have saved Francine?

Saved her? From what?

And the unknown old man—he had even then been lying somewhere in the woods through which Francine had passed.

Could it have been Francine who killed him? Might she, flying through the woods, have come upon him unexpectedly and shot him?

Francine—golden haired, feminine, fragile—fleeing through the night with a loaded revolver in her hands?

And then she remembered her own swift pursuit of that white figure. The shot might not have been heard from the house, but surely she would have heard it. No, it had not been Francine.

And then the question came again, more insistently now:

What was Christopher doing in the woods that night?

She gave her head an impatient shake as though to toss off with the raindrops that nagging question that demanded an answer.

It was too ridiculous. And she couldn't insult Christopher by asking him.

"Heavy going, little one." Pete Bishop was linking his arm in hers.

She gave him a brief white smile as they trudged on together in silence. And at last they climbed the long sandy slope to the cut through the dunes and came out onto the beach that stretched away on either hand into a blue smother of mist and foam. The wind was coming straight in off the ocean, and huge white-capped rollers pounded on the shore.

"Better stay up here where you'll get some shelter from the dunes," Pete advised. He was in a hurry to join Christopher and Elisha, who were already halfway down the beach.

"What are they going to do?"

"Take a trek up and down the shore, I fancy, though I don't believe there's a chance of her being here."

Pete's voice was offhand and did not betray his own belief that Elisha had chosen the most likely spot for his search.

"You stay there. We won't be long."

Then Elisha was going off in one direction and Pete and Christopher in the other, and their dark figures quickly grew blurred and indistinct against the storm.

And presently she was alone, a desolate, bedraggled little figure in a shiny black coat and storm hat, crouching in a hollow among the dunes with the surf roaring in her ears.

*(To be continued)*

## Practical Discussions

*(Continued from page 5)*

Hens must be comfortable to lay well. Plenty of room . . . no overcrowding on floor or roost . . . and plenty of fresh air without draughts needs to be provided. They also require plenty of room to eat, which means an adequate amount of hopper space for all. If the houses are damp the hens will not be healthy. Part cotton on some of the windows, in addition to poultry netting, will provide fresh air.

The best of laying mash pays well. This can be made at home if one is sure not to leave out any of the necessary ingredients. One can use a mixture of whatever ground grains he or she has, but a variety of grains is a neeessity. After grinding them, one should add 10 per cent beef meal or fish meal, 1 per cent salt, 1 per cent cod liver oil and 3 per cent bone meal. A portion of alfalfa meal may be added or the alfalfa can be fed as hay, enclosed in a piece of wire netting hung where the hens can get it.

Keep the laying mash in hoppers all the time. Little or no scratch grain should be fed in the morning as the hens will not be hungry for the mash if their crops are full of grain. The grain fattens the hens and produces the egg yolks, but they may be absorbed by the hen, and not finished as eggs if the materials for making the whites are lacking. The mash provides the materials for making the whites of eggs.

Oyster shell is required for the shells, while the hen needs grit for grinding the grains.

The scratch feed is only needed at dusk . . . what the hens will clean up quickly, giving more in colder weather and less as mild weather comes on. Use mixed grain, wheat, cracked corn, oats, barley and buckwheat. The hens like variety. Some grain is too fattening; corn alone will not do.

Nothing is more important than fresh water. At daybreak when the hen leaves the roost she looks first for a drink. How can she eat enough dry mash without plenty of fresh water? Set the fountains up so that litter will not be scratched into them as the water must be clean.

Sanitation is of the utmost necessity if hens are to be kept healthy . . and unhealthy hens will not lay. Vermin must be destroyed and the roosts kept free from mites. Feed nothing on the floor; use troughs for the scratch grain. The nests should be kept cleaned out as well. I have used ashes in the bottom of the nests, covered with straw to keep down mites. Broken eggs will run through straw and breed mites if nothing else is in the bottom of the nest.

One person should look after the hens. They do not like strangers. Frightened hens will not lay, so move quietly and carefully among them.

Gather eggs frequently so they will be less likely to be broken in the nests as the hens are apt to start eating them if this happens, and the habit is hard to cure when once started.

Cull out any hens that lack good appearance. Know your hens and study their needs and they will prove a good investment.

WHITE LEGHORN FAN.

Peterboro Co.

---

Highest yields of flax per acre are obtained in France, Belgium and Northern Ireland, where the industry is an old established one. Much of the output in Northern Ireland may be said to be of Canadian origin, the pedigree flax seed grown in Canada and exported to Ireland being much in demand in that country. In Canada, an excellent quality of flax seed is grown for all purposes.


**St. Mary's Shorthorn Sale**

**41 Choice Shorthorns from 4 Leading Herds**

*8 cows, 6 with calves at foot . . . 30 bred and open heifers*

*. . . 3 bulls selling at*

**Robinson Bros. Farm, St. Mary's, Ont.**

**TUESDAY, OCTOBER 4th, 1938**

**Robinson Bros., St. Mary's,** contribute: 2 good bulls, including a thick-fleshed, well-balanced, good-headed, dark roan son of Millhills Ransom (Imp.). He should prove one of the year's tops. Also listed are 12 good heifers of pleasing color and conformation . . . with pedigrees as fashionable as found in any herd.

**H. Noel Gibson, Delaware, offers:** 5 good cows, 3 of which have calves at foot. Also 6 attractive heifers, all being roans with good heads and excellent type. Their pedigrees exceptionally choice.

**Ernest Robson & Son, Denfield,** will sell: 3 excellent cows with calves at foot. Butterfly Rose, dark roan, would be an outstanding cow in any herd, sells with roan bull calf by Rare Commander and rebred to him. Others are a Rosewood and a Jilt. Also, a good, bred 2-year-old heifer and 5 attractive open heifers. All have fashionable pedigrees.

**J. A. Watt, Elora,** has a good red yearling bull and 6 outstanding heifers. The pedigrees are up to the high Watt standard. Two of the heifers by Millhills Ransom (Imp.). Both are tops . . . and one, a nice roan, can be made a winning senior calf for the Royal Winter Fair.

For catalogue write— Sale under cover

**ROBINSON BROS. - - ST. MARY'S, ONT.**



**For Better Cows Use An Ayrshire Bull**

**Ayrshires sire profitable cows that give most 4% milk**

• • • During the past six months 783 head of purebred Ayrshires, of which some 50% were calves and uncalved heifers, were sold at public auction in Canada and the United States and realized a total of $166,248.34 or a general average of $212.32. According to the publications of other dairy breeds, the following are the auction prices reported for a similar period—(A) breed—974 head, averaged $237.00; (B) breed—1,744 head averaged $165.00; (C) breed—941 head averaged $150.00. Evidence that as a Dairy Cow the Ayrshire holds a very high position.

WE WILL GLADLY SEND YOU FULL PARTICULARS REGARDING THIS GREAT FARMERS' BREED AND WHERE YOU CAN GET A HERD SIRE OR FEMALES. ADDRESS YOUR REQUEST TO—

**Canadian Ayrshire Breeders' Association**

505-6. 18 Rideau St. Ottawa, Canada




## Mac's Meanderings

THE season of the Fall Fairs is at hand and you may judge from the condition of farm work throughout the countryside that the Fairs will be well attended. With the exception of clover seed and buckwheat, threshing is about done. The silos also are pretty well all filled. Plowing has not yet become such an urgent job that one could not let it stand for a day or so to take in the local or neighboring fairs.

Personally I have only attended one fair to date, but that one reported an all-time record in the matter of attendance. I am also quite sure that, in so far as live stock is concerned, the numbers were well above the average of past years.

For some years the smaller fairs have been having rather a hard time of it. Too many people get tired going year after year to what they term "the same old thing". Human nature (or modern human nature) craves excitement and too many people forget that the fair is not primarily an excitement-producing institution. Rather is it primarily an educational concern with a little excitement thrown in like spice in solid food. But a lot of people come and eat up the spice without trying to find out anything about the rest of the meal.

Just the same the life of a fair depends upon getting the crowds and you can't draw the crowds to a small fair only by one string. There must be variety. Some will spend most of their time looking at cattle, others at horses, some at the farm produce. Some are most interested in the needlework and some in the Midway. If there is an excuse for the latter it is that those drawn thither may accidentally become interested in some more valuable feature and return home with something worth while after all.

Personally my experience with the small fairs has been more often in the role of a small exhibitor than merely as a spectator. Some people have a flair for one thing and some for another. I have had a flair for taking a few head of stock to a few of the local fairs and quite frequently getting pretty badly trimmed thereby. If it takes a good sport to come back for more, then I must be a pretty fair sport.

As an exhibitor, and from the viewpoint of an exhibitor, I have watched the small fairs grow from the "horse and buggy" days to today, when every available foot of ground on the fairground, as was the case of the fair I attended yesterday, was packed with cars. And not only that, but the roadside lined for rods in either direction from the fairgrounds. I can remember when each fair had its little group of local exhibitors and for some outsider to come in with anything of a bulky nature was most unusual.

Today it is different and there is no difficulty in loading a truckful of cattle or other live stock and covering all fairs within a radius of thirty miles or so. The same fitting and the same gathering of necessary equipment does for four or five fairs. Once the necessary help become somewhat broken in, the hardship connected therewith is not serious. Even the animals become accustomed to the turmoil and through time, show little ill effect. But these long-distance exhibitors are more or less a source of worry to local exhibitors. They never know just who to expect and, while they have been constant supporters of the home fair, they may find themselves robbed of their prize money at any time by two or three outsiders. Just the same, in most cases the fair boards welcome the outsiders because they bring more people to the fair from wider distances to see how so and so's cattle or horses are going to stack up against somebody else's. Some fairs make an effort to see that special prizes are retained in the local district. In such cases when regular prizes are not sufficiently tempting to draw outside exhibitors the local exhibitors have little competition. However, as I mentioned at the start, the management of small fairs is quite a problem anyway one looks at it, and those men who do their best to carry on a successful fair year after year, are deserving of a great deal of sympathy, rather than the criticism that they quite often get.

---

In the war against mosquitoes, the cause of malaria in Australia, the civic authorities of Brisbane have placed Medaka fish in all of the city pools. The medaka resembles a small goldfish and has a voracious appetite for mosquito larvae.

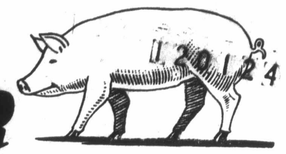
## The Song of the Lazy Farmer




WHEN I was young the women wore a lot of clothing on before and twice as much as that behind, but now it seems that they don't mind a-goin' 'round with ev'ry knee in plain sight for the world to see. It used to be a cause for shock if you should glimpse a piece of sock, but now bare ankles ain't no treat; in fact, you see a lot of meat where'er you go, for folks expose more than they cover up with clothes. The bathin' suits girls wear to-day would make my mother faint away, when she was fixed up for a swim you couldn't see a leg or limb. But nowadays competition's keen to let a lot of hide be seen. Just why the women want to show bowlegs or swaybacks I don't know, the most has got so many flaws they ought to wear more clothes because their clothes is prettier than them; when covered up with stitch and hem they don't look bad, but what a fright they are when they're exposed to sight;

If we could make them women see how better lookin' they would be with plenty clothes hung on their frame to cover up the faults of same, we'd have a market for our wool. This farmin' job would be less tough if women only wore enough, the skirts they wore in mother's day would surely make our farmin' pay; the clothes she wore, both thick and full, used up an awful lot of wool. Prosperity will come again if women listen to us men, and hide their blemishes from view, and cover up their legs, in lieu of struttin' 'round for all to see their bunions and their corns, by gee!


**FEED YOUR HOGS... the SHUR-GAIN WAY and GET $50.00-per-ton FOR YOUR GRAIN**



And not only will you get more than double the present market price for your grain but you will also be building better hogs—healthier, thriftier, more "selects" per litter.

With ample grain for feed this season's farmers with an eye to extra profit are looking to this method of marketing their grain at high prices. Here is the way to figure it:

1. Grain at cash prices is worth $20.00 per ton.
2. 650 lbs. of grain plus $1.40 worth of SHUR-GAIN Hog Concentrate will build 200 lbs. of pork on a weanling pig.
3. With hog prices at 9c, that 200 lbs. of pork will bring you $18.00. Subtract the $1.40 for SHUR-GAIN Hog Concentrate and the balance, $16.60 is what you actually get for 650 lbs. of grain — or, more than $50.00 per ton!




See your SHUR-GAIN Dealer now and have him give you greater details of the extra profit from every hog fed the SHUR-GAIN way.

**SHUR-GAIN HOG CONCENTRATE**

MADE BY CANADA PACKERS LIMITED — FEED DIVISION

MONTREAL TORONTO WINNIPEG EDMONTON


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120125

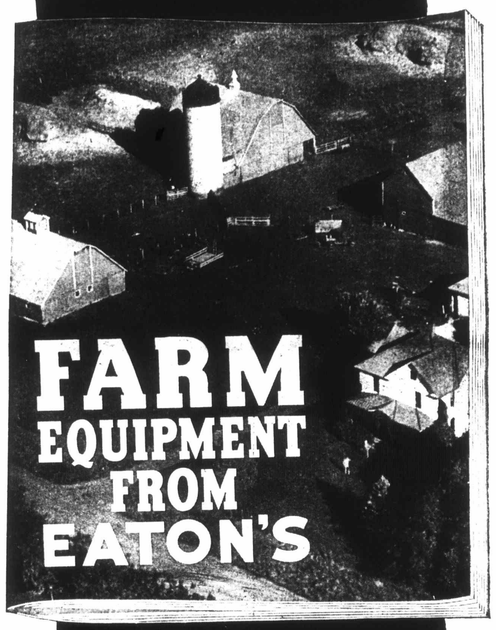



FARMERS! BREEDERS! DAIRYMEN!

before buying new equipment

*send for this*

SPECIAL BOOKLET




It offers an extensive selection of agricultural implements, barn equipment, dairy needs and labor savers for the home—all offered at EATON'S low cash prices! Budget Plan Terms if you prefer .... Write to-day! It is a book every man interested in modern farm methods should have. It's yours for the asking. Send your request to:

MAIL ORDER, DEPT. S.

THE T. EATON Co LIMITED

TORONTO CANADA


MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120125

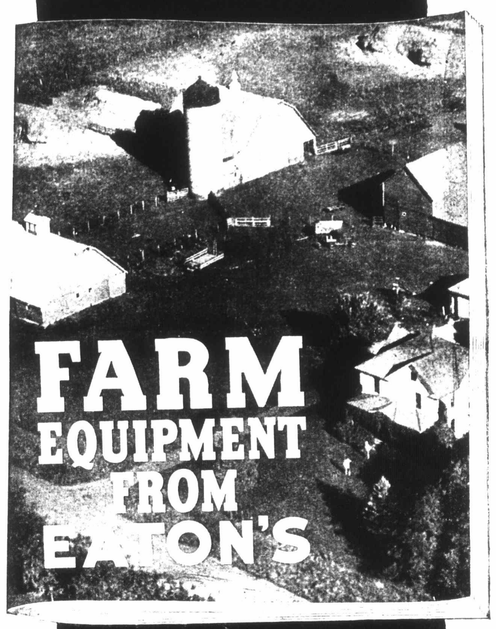



FARMERS! BREEDERS! DAIRYMEN!

before buying new equipment

*send for this*

SPECIAL BOOKLET




It offers an extensive selection of agricultural implements, barn equipment, dairy needs and labor savers for the home—all offered at EATON'S low cash prices! Budget Plan Terms if you prefer .... Write to-day! It is a book every man interested in modern farm methods should have. It's yours for the asking. Send your request to:

MAIL ORDER, DEPT. S.

THE T. EATON Co LIMITED

TORONTO CANADA


Military Archives, Series 5 (M.C. ..., Volume 1901

PUBLIC ARCHIVES

ARCHIVES PUBLIQUES

CANADA

120126

# "Amalgamation Never . . ."

## The Case for the C. N. R.

By D. M. LeBOURDAIS

Published by
NATIONAL RAILWAY LEAGUE
137 Wellington St. West, Toronto, Ont.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120127

*National Railway League is a non-political organization composed of business and professional men in various parts of Canada whose only interest in the so-called railway problem is that of citizens. The League has no connection, directly or indirectly, with the Canadian National Railways.*

GEORGE S. HOUGHAM,
Secretary-Treasurer.

December 31, 1938.

120128

# "AMALGAMATION NEVER . . ."

## THE CASE FOR THE C.N.R.

During the past several years a concerted attack has been made upon the Canadian National Railways to force an amalgamation with the Canadian Pacific Railway. The claim is made by proponents of amalgamation, or unification, as it is now called, that, under such a scheme, $75,300,000 could be saved in a normal year.

A picture is presented of 40,000 miles of railway. serving less than 11,000,000 people, or one mile for every 225 persons, as compared with 250,000 miles in the United States, or one mile for 500 persons. Germany has about 35,000 miles of railway, or one mile for 1,800 persons, while in Great Britain, with 24,300 miles, there are 1,900 persons to the mile.

Canadian railway mileage is divided almost entirely between the two great systems, the Canadian National Railways, with about 22,000 miles, and the Canadian Pacific Railway, with about 17,000 miles.

The Canadian National has earned its fixed charges in only two years since its establishment; and the Government has been required to pay amounts varying from $4,000,000 in 1927 to $61,000,000 in 1932 to cover the interest on its bonds, to say nothing of accrued interest due the Government on advances and deficits in past years. The total amount, including accrued interest due the Government, which stood against the Canadian National System at the end of 1935 was computed at $2,809,-472,325.

The Canadian Pacific, on the other hand, has never failed to pay its fixed charges, and from 1889 till the beginning of the depression it had paid over a billion dollars in dividends.

The difference in the showing of the two systems was attributed to (1) the over-building of railways; and (2) public ownership, which, it was claimed, resulted in less efficient operation of the Canadian National.

The remedy at first suggested was that both systems should be amalgamated under C.P.R. management, but this has latterly been changed to management under an independent board. It seems logical to some that if the two systems were to be merged there must be a considerable saving.

The common view is one of long stretches where the two railways run almost alongside each other; of duplicate stations



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120129

and terminal facilities; of expensive ticket offices side by side or just across the street from one another. Some have had the experience of being solicited by two rival traffic organizations, each desiring to secure their railway business.

When the average citizen pays his Federal income tax and realizes that about one-third of the total amount raised by income tax is required to meet the deficit on Canadian National bonds; and when he thinks of duplicate trains operated mainly, as he has been informed, to provide work for railway men whom he supposes to be highly paid; and when he is told that fear of the railway vote is the chief reason for the failure of governments to deal "firmly" and "courageously" with the railway question, he is easily persuaded that amalgamation is the only way out.

But is it? We submit that the following survey of the subject conclusively shows that amalgamation, or unification, is not the solution.

*THE INTERCOLONIAL:*

Without railways there could have been no Dominion of Canada. The Intercolonial, completed from Halifax to Riviere du Loup in 1876 and extended to Montreal in 1898, was built purely as a national undertaking; and has since been operated more with a view to public service than as a commercial undertaking. It is a well-known fact that its route is longer than might have been necessary had its purpose been solely to transfer goods and passengers from one part of the country to the other.

Judged from the standpoint of a commercial enterprise, the Intercolonial has not been an entire success; but who can say what its value has been to Canada, in the first place in making the Dominion possible and, in the second place, in helping to bind together elements having little natural cohesion? No estimate that is expressed in dollars and cents can adequately portray the value of this piece of railway to Canada.

The completion of the Intercolonial, important and vital though its building undoubtedly was for Canada, left the Dominion only partly formed. There was yet to be incorporated into its fabric that vast expanse of practically unsettled and largely unexplored territory stretching from the Great Lakes across the rock-bound region where the then unrealized El Dorado of the Laurentian Shield reaches its southernmost extremity, across the seemingly limitless prairies, across range after range of mountains among the highest and most rugged in the world, to the waters of the Pacific. This great region must be added to Canada; but without a railway it could not be done.

*THE CANADIAN PACIFIC:*

The people of Canada, then numbering less than 3,500,000 persons, not it must be said without serious misgivings, under-



120130

took to build a line of railway to the Pacific coast. We will not go into a recital of all the vicissitudes of the early attempts. The Government had already constructed or placed under contract more than one-fifth of the total distance between Montreal and the Pacific when a change of government transferred the whole enterprise into the hands of a group of Montreal capitalists.

It is customary to extol the courage and foresight of these intrepid pioneer railway builders, and we have no desire to dim their laurels or to damn them with faint praise; but it must be remembered that they as a group had just previously won millions of dollars in an American railway enterprise. A bankrupt railway, but one which held valuable land grants, was taken over by the syndicate for next to nothing; immigrants had poured into the country; and through the sale of land and in other ways connected with the rapid development of the country the little group of adventurers had made a clean-up. They were thus in the mood to duplicate the coup in Canada.

*GOVERNMENT AID:*

The Government gave them $25,000,000 in cash; 25,000,000 acres of land in alternate blocks throughout the most productive parts of the prairie region; and turned over to them free of charge the surveys and the 713 miles of railway already constructed which had cost $37,785,000. Cash subsidies received by the C.P.R. from Dominion and Provincial Governments amounted in 1916 to a total of $67,000,000. Land grants from the same sources amounted to 28,000,000 acres, of which 16,541,000 had been sold up to June 30th, 1916, to net the Company $68,000,000, while the remainder was conservatively valued at $119,000,000. Thus it will be seen that the assistance received by the C.P.R., in addition to other valuable considerations, amounted to $291,785,000. Other valuable considerations comprised freedom for ever from taxation of the railway and "all stations and station grounds, workshops, buildings, yards and other property, rolling stock and appurtenances required and used for the construction and working thereof, and the capital stock of the Company by the Dominion, or by any Province hereafter to be established, or by any municipal corporation therein; and the lands of the Company, in the North-West Territories, until they are sold or occupied shall also be free from taxation for 20 years after the grant thereof from the Crown."

Another consideration was a monopoly of railway transportation in the West within 15 miles of the International Border. This monopoly provision almost led to armed conflict in Manitoba, while the exemption from taxation for 20 years on lands held up or hindered for years the development of many



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120131

districts throughout the West because the Company allowed the title of its lands to remain in the Crown until disposed of, which meant that such lands were free from taxation until 20 years after they were sold by the Company.

The interest of certain members of the C.P.R. syndicate in railway and land speculations in the Western United States undoubtedly influenced the Company in seeking a more southerly route than that which had originally been located by Sandford Fleming, the Government engineer. They were seemingly more concerned with competing with United States railways for traffic originating and terminating in the United States than with the possibilities of developing Canada. However, since Donald A. Smith, later Lord Strathcona, the largest individual landowner in the Canadian West, was a member of the syndicate, it cannot be said that they were entirely unaware of the possibilities of the Canadian West.

This action of the C.P.R., in deciding to hug the northern boundary of the United States, constitutes the basis of many of its—and Canada's—later railway difficulties. If the builders of the C.P.R. had considered the matter more particularly from the standpoint of the interest of Canada they would have retained the northern route, securing thereby the lowest gradients; but, of greater importance, their main line would have traversed a more productive section of the country. It would have provided a sort of backbone for the country, from which feeders could have been built north and south. This would have made much less likely the possibility of another important railway being built farther north. In their preoccupation with conditions to the south of them they neglected their greatest field of opportunity and acquired a vulnerability which may yet lead to the downfall of the railway they were at such pains to build.

The C.P.R. was completed in five years instead of the ten allowed by the contract. Branch lines were energetically constructed and in Ontario and Quebec lines were built paralleling the existing Grand Trunk lines. Thus the C.P.R. was the first to build duplicate railway lines from which the country was later to suffer so much.

*THE GRAND TRUNK:*

The origin of the Grand Trunk Railway System goes back to days before a transcontinental railway was seriously thought of. It was, in fact, begun in 1853, long before the formation of the Dominion of Canada. Although, like all other railways, it had received some government aid, it was a purely commercial enterprise; its purpose was to carry Canadian products to the seaboard through United States ports and to provide a short route for American goods from the Western States to the



120132

American seaboard. Despite its strategic location, both with respect to Canadian and United States traffic, the Grand Trunk, controlled in England and directed from there, was not an outstanding financial success.

The Grand Trunk had been invited to extend its lines to the Pacific before the C.P.R. was built, but had declined. Then when the building of the Canadian Pacific had opened up the West, when the country was filling with immigrants, and the flow of wheat from the prairies had begun, the Grand Trunk looked with longing upon what it had missed. At this time it was under the direction of Charles M. Hays, a dynamic American. The people of Canada were in an optimistic mood, in decided contrast to the pessimism of even a decade earlier. The population of the West, not more than 100,000 in 1870, had increased to 645,517 by 1901; and that year the Canadian Pacific handled over 50,000,000 bushels of wheat. Cities had sprung up where a few years before there had been only trading posts. The possible place of Canada in Empire communications was being discussed; speeches and editorials of the time had much to say about the "All-red line."

*THE CANADIAN NORTHERN:*

The C.P.R. was not popular in the West. Having a monopoly, its officers and agents were too often inclined to follow a policy of "the public be damned." The clause in its charter giving it a monopoly within 15 miles of the Boundary caused endless trouble until eventually the Dominion Government was forced to negotiate its cancellation. Although the C.P.R. could prevent for a while competition from United States roads, it could not prevent competition from other Canadian lines.

Beginning with a short piece of railway in Manitoba in 1897, two enterprising railway contractors, William Mackenzie and Donald Mann—the most remarkable of all the remarkable tribe of railway builders—rapidly developed a network of lines covering the prairies from the head of the Lakes to the foothills of the Rockies, which they called the Canadian Northern Railway. Their plan was most audacious. Their roads were built quickly and cheaply with the proceeds of cash subsidies or bond issues guaranteed by municipal, provincial or federal governments, but they retained control as sole owners of the common stock. Through their contracting firm most of the lines were built; then through equipment companies they bought and sold to the company the necessary equipment. Companies controlled by them dealt in lands secured as subsidies and settled immigrants to provide traffic for the railway. They also owned the town sites along the right of way.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120133

*THE GRAND TRUNK PACIFIC:*

The Canadian Pacific owed its origin to the efforts of the Conservative government of Sir John A. Macdonald. The Liberal party, following the custom of parties, had been critical of the enterprise and pessimistic about its possibilities. When they attained power under Laurier in 1896, however, and when, as a result of their immigration policy, the West began to boom they became the most ardent believers in the possibilities of the West. As the C.P.R. was undoubtedly a monument to Macdonald, so the Liberals desired to erect a similar monument to Laurier. Their desires and the ambitions of Charles M. Hays soon converged in an agreement.

The Grand Trunk first asked government assistance for a line of railway from its Western terminus at North Bay to a new port on the North Pacific coast. Since the Grand Trunk's eastern terminus was at Portland, Maine, the Maritime Provinces naturally protested against public funds or credit thus being used to divert traffic from their ports. It was therefore finally agreed that the Grand Trunk through a subsidiary company to be known as the Grand Trunk Pacific should build from Winnipeg to Prince Rupert, near the mouth of the Skeena River. The Government was to guarantee the bonds of the Grand Trunk Pacific, both as to interest and principal, which were also guaranteed by the Grand Trunk itself. In addition the Government agreed to pay the interest on the mountain section for seven years after the official completion of the line, and for three years further if the Grand Trunk Pacific could not pay it, allowing the company 40 years for repayment.

*THE NATIONAL TRANSCONTINENTAL:*

From Moncton, N.B., to Winnipeg, following a route through Quebec, Ontario and Manitoba, far north of the zone of settlement, the Government undertook to construct a first-class line of railway which upon completion should be leased to the Grand Trunk Pacific for 50 years, rent free for seven years and thereafter at a rental equivalent to 3 per cent. of the cost of construction. It was planned with the lowest gradients, the longest tangents and easiest curves of any railway on the continent. Throughout, its standard of construction was the best.

Viewed from the standpoint of booming Canada in the year 1903, the scheme was perfectly feasible and not half so foolhardy as the building of the C.P.R. had seemed twenty-five years earlier. If Canada were to advance as rapidly during the coming quarter-century as she had in the past quarter-century the Grand Trunk Pacific scheme could scarcely fail. Although in retrospect it is easy to see the flaws in the arguments of 1903, it must be admitted that no one could then have been expected



120134

to know that just as the railways were on the verge of completion a world war would break out, to be followed by a world depression. Nevertheless, there was one serious flaw in the scheme which should have been seen at that time, and indeed was seen by many. That was the folly of paralleling the already existing prairie lines of the Canadian Northern. The obvious plan was for the Grand Trunk Pacific to absorb the Canadian Northern. But Mackenzie and Mann, angered because the Government had lent its aid to a competitive system, refused to sell. The Government, not yet having learned that all railways are really public utilities and not entitled to follow their own whims or fancies irrespective of the national welfare, failed to force a union of the two systems.

*SOARING COSTS:*

The Canadian Northern proceeded with all speed to consolidate its position before the Grand Trunk Pacific could invade its field. The C.P.R. also began an intensive building campaign. Even though immigrants were flocking into the country there was not labor enough to go round and wages rose steeply, not only for railway construction but in every other line of industry. This in turn was reflected in higher prices for materials of all kinds, with the consequent effect that actual costs soon bore but little relation to original estimates.

The estimated cost of the 1,800 miles of the National Transcontinental between Moncton and Winnipeg was $61,415,000 or $34,000 a mile; but by 1915 the actual cost had amounted to $159,881,197 or $88,500 a mile. There was some graft involved in this and much carelessness but the chief reason other than increased wages and costs already referred to was the fact that a high-grade railway was being thrust through a wilderness. Even this excess of cost might have been offset by lower operating expenses if there had been any traffic for the line when it was finished, but there was next to none.

*THEN CAME THE WAR:*

Immigration, which added 128,364 persons to the Canadian population in 1903 and in 1913 a maximum of 402,432, was a boon while the building fever was at its height. But many were merely transients. Too few of them went on the land and consequently scant traffic was produced for the railways; and when construction ended with the outbreak of the war the country was flooded with unemployed men. The recruiting sergeants shortly took up the slack but the development of the country remained at a standstill. Furthermore, the newer districts through which the Grand Trunk Pacific and the National Transcontinental were built were not as easily settled and opened up as



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120135

the bare prairie had been; the land must be cleared of timber, for which both time and money were required.

Meanwhile the Canadian Northern had extended westward from Edmonton to the Pacific, and eastward from Port Arthur to Atlantic tidewater. In their frantic efforts to get a foot on either ocean, Mackenzie and Mann had brought the art of parliamentary lobbying to a point never before reached in Canada. They bought and subsidized newspapers across the Dominion and retained promising political lawyers. Time after time they appeared at Ottawa, begging and finally demanding assistance. One of the last acts of the Laurier administration in 1911 was the guaranteeing of an issue of bonds amounting to $35,500,000 for the completion of Mackenzie and Mann's line from Port Arthur to Montreal. When the Borden Government assumed office upon Laurier's defeat, two of its members were men previously associated with Canadian Northern affairs. One of these was Thomas White, the Minister of Finance, a former Canadian Bank of Commerce officer, and the other was Arthur Meighen, the Solicitor General.

*THE GOVERNMENT IS HOOKED:*

During the first three years of the Borden Government's term of office, Mackenzie and Mann secured $20,040,000 in cash and guarantees; then in the early months of 1914, they descended in force upon Ottawa and literally compelled the Government to extend them further credit to the extent of $45,000,000. In consideration of this the Government became a partner of Mackenzie and Mann in the ownership of the Canadian Northern by securing $40,000,000 of the Company's $100,000,000 capital stock.

The outbreak of the war found the Canadian Northern distinctly vulnerable. Not only was the Government now joint owner, but the credit of municipalities and provinces across Canada was in jeopardy; in fact, the credit of the Dominion itself was at stake. The Grand Trunk Pacific had refused to assume the operation of the National Transcontinental upon its completion in 1915 on the ground that its cost, and consequently rental charges based on that cost, was greatly in excess of the original estimate. Even aside from the matter of the National Transcontinental the Grand Trunk Pacific could not meet its operating expenses, to say nothing of its interest charges. The parent company in consequence was itself rapidly approaching insolvency. Both the Canadian Northern and the Grand Trunk Pacific looked to the government for help and unless the roads were allowed to go into receiverships, then generally considered as not in the public interest, there was no other course left to the Government but to provide assistance.



120136

*DRAYTON-ACWORTH COMMISSION:*

In July 1916 the government appointed a Royal Commission to investigate the whole railway situation and to suggest possible remedies. The Commissioners were: A. H. Smith, President of the New York Central Railroad; Sir Henry Drayton, Chief Commissioner of the Board of Railway Commissioners of Canada; and W. M. Acworth, a noted English railway authority. The majority report, signed by Drayton and Acworth, advised the government to take over the three railways (Canadian Northern, Grand Trunk Pacific and Grand Trunk) and operate them in conjunction with other railways already built or acquired by the government. The report advised against the roads being allowed to go into bankruptcy and declared that even as regards those securities not guaranteed by the Government there was a moral responsibility upon the Government to safeguard the investors. "Technically, of course, the Government has no responsibility beyond that of meeting its guarantees. But if the two companies went into the hands of receivers, we cannot doubt that investors outside Canada would believe, however erroneously, that the Dominion Government had treated them badly and that the result would be serious injury to the credit of the Canadian Government, and indeed of all Canadian enterprises. And this result is one that, putting it on pecuniary grounds alone, the Canadian people should in their own interest spend a good deal of money to avoid. We therefore consider that Canada should assume the responsibility of seeing that the interest on these securities is met."

Commissioners Drayton and Acworth were not in favor of direct operation by the Government, but by a company to be known as the "Dominion Railway Company," of which the Government would be the only shareholder and which would be charged with the responsibility of operating the roads free from political control or interference. Control was to be vested in a self-perpetuating board of five trustees. A minority report was submitted by Commissioner Smith which, even if acted upon, could not have changed in any essential degree the subsequent course of events: it might merely have deferred the day of reckoning.

*ACQUISITION OF CANADIAN NORTHERN:*

On August 1, 1917, the Government announced that it intended to acquire control of the remaining capital stock of the Canadian Northern. Under the terms of the 1914 arrangement the Government had power simply to foreclose on the stock, but it proposed instead to let the price, if any, to be paid for the stock be decided by arbitration. Although the railway had not earned its fixed charges for many years and seemed unlikely



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120137

to do so for many years to come, the board of arbitration set a price of $10,800,000. It has been contended that the position of the Canadian Bank of Commerce, heavily involved on account of Mackenzie and Mann, probably had as much to do with the award as any considerations of actual value.

Up to the time of its acquisition, and exclusive of this award, the Government of Canada had advanced to the Canadian Northern by way of loans $30,819,686. It now assumed liabilities amounting to $382,061,087, with a certainty that at least a further hundred million dollars would be required to bring the road to the point where it could provide satisfactory service. As a matter of fact, during the following five years more than a quarter of a billion dollars were required to pay for betterments and to meet operating deficits on the Canadian Northern.

The Canadian Northern continued in its corporate capacity. Mr. D. B. Hanna, who had been associated with the road from its early days, was retained as President with a board of directors appointed by the Government. The operation of railways previously owned by the Government, including the Intercolonial, National Transcontinental and others, was entrusted to the Canadian Northern Board. Then, in June 1919, all the railways acquired or to be acquired by the Government were consolidated by Act of Parliament under the name Canadian National Railways, to be directed by a Board of not less than five or more than fifteen persons, appointed by the Governor-in-Council. This Board was charged with the duty of co-ordinating all the Government lines into one system.

*GRAND TRUNK PACIFIC GOES INTO RECEIVERSHIP:*

In March, 1919, the Grand Trunk Pacific was placed in receivership with the Dominion Minister of Railways as receiver. The parent company struggled along for two years more but eventually it also passed into the control of the Government. If the Government had been willing to release the Grand Trunk from its obligations concerning the Grand Trunk Pacific it probably could have weathered the storm and continued as a privately owned and operated railway. But, since the Government had already lent the Grand Trunk Pacific $83,639,237 and would be compelled to find $40,000,000 in the next three years for replacements and operating deficits, and had assumed capital obligations amounting to $129,518,484, the Government could not be expected to take all the loss and let the Grand Trunk slide from under. Although the Canadian National Railways had been set up in June 1919 to operate all goverment railways, operation of the Grand Trunk Pacific remained under a separate Board, appointed however by the Government, till September



120138

1920, when it, too, came under the Canadian National Railways Board.

*ACQUISITION OF THE GRAND TRUNK:*

The first steps toward the acquisition of the Grand Trunk were taken in November, 1919, but it was not till nearly two years later that complete control passed to the Government. In the meantime protracted negotiations were proceeding to decide what, if anything, should be paid for the capital stock. The matter was finally left to arbitration, the Board of Arbitration consisting of Sir Walter Cassels of the Exchequer Court, Sir Thomas White, and Former President W. H. Taft of the United States. During the course of the arbitration it was disclosed that for some years the accounts of the company had been manipulated to show profits where there were none so that dividends might be paid and that the physical property of the system had been allowed to deteriorate greatly through lack of proper maintenance. The arbitrators decided that the stock was worthless, but certain stockholders were dissatisfied and began litigation which is still before the courts. Although the capital stock cost the Government nothing, the Government assumed liabilities aggregating $298,341,289 in addition to loans previously made of $1,148,533.

*THE PEOPLE PAY:*

At the end of 1922, the year that all the Government roads were brought under one management, Canada had expended for railways, without counting subsidies received by the C.P.R., the following amounts in cash:

| | |
|---|---|
| Canadian Northern Railway Company | $298,799,591 |
| Grand Trunk Railway Company | 84,560,342 |
| Grand Trunk Pacific Railway | 123,586,034 |
| Can. Govt. Rys.—Capital Expenditures, less deficits | 429,563,445 |
| | $936,509,412 |

In addition to the above, the Government assumed with respect to these roads liabilities due to the public amounting to $804,503,144. Not all of this bore the guarantee of the Government, but the Government's responsibility, both for principal and interest was now implied by reason of its having taken over the properties. A considerable portion of this indebtedness, due to the poor financial standing of the respective companies previous to their failure, was at high interest rates. That a reduction in these rates should have been made a condition of their assumption is contended by many who argue that, when



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120139

the Government was virtually placing its credit behind issues previously of doubtful value, the least that might have been asked of the holders was that they accept a reduction in interest.

*THE CANADIAN NATIONAL SYSTEM:*

In January, 1923, all the roads variously acquired by the Government, comprising a total of 22,468 miles (20,575 in Canada and 1,893 in the United States), were placed under the management of the Canadian National Railways System, with Sir Henry Thornton as President and Chairman of the Board. Sir Henry Thornton's coming to Canada coincided with the beginning of an upswing in business, which many persons believed was the beginning of permanent recovery from the effects of the war. Under the impetus of this movement and also due to the stimulus provided by the personality of the new President, the Canadian National System showed in 1923 gross earnings of $256,961,590 and a net income surplus of $13,501,648 which, however, fell $21,539,732 short of meeting interest charges on the debt due to the public. This, however, was an improvement over the previous year of $11,507,499. Revenues were down for the years 1924 and 1925 and in the latter year a Committee of the Senate recommended unification of the two systems along the lines since suggested by Sir Edward Beatty, but no action was taken in the matter by the Government.

Quickly improving business conditions soon rendered ridiculous any suggestion that the Canadian National System be interfered with. In 1926 the gross revenues reached $270,982,223, providing an income surplus of $41,586,242 or $2,389,009 more than enough to pay all the interest on the debt to the public. Although revenues increased in 1927, expenses were relatively higher, so that the System fell $4,200,678 short of meeting its interest charges. In 1928, however, revenues soared to $304,591,269, providing, after all interest charges had been met on the bonded indebtedness, a surplus of $2,638,900. That was the high point. From 1928 till the depth of the depression was reached in 1933, railway revenues shot downward to a low in the latter year of $148,519,742. Although thousands of employees were dismissed and wholesale economies were instituted, expenses could not drop as fast as revenues. Consequently in 1929 the deficit was $13,408,705; in 1930, $35,585,895; 1931, $60,869,795; 1932, $61,006,919; and in 1933, $60,017,713.

*THE BOOM YEARS:*

The following table shows the details of Canadian National operations for the years 1923 to 1928 inclusive:



120140

| | 1923 | 1924 | 1925 |
|---|---|---|---|
| Operating revenues | $256,961,590 | $239,596,670 | $249,411,884 |
| Operating expenses | 235,838,046 | 221,622,049 | 216,290,434 |
| Net operating revenue | $ 21,123,544 | $ 17,974,621 | $ 33,121,450 |
| Net of taxes and Income Credits and Debits—Net Dr. | 7,621,896 | 3,202,293 | 2,677,597 |
| Net available for interest | 13,501,648 | 14,772,328 | 30,443,853 |
| Interest on debt due public | 35,041,380 | 38,361,704 | 40,438,235 |
| Deficit or surplus | $ 21,539,732 | $ 23,589,376 | $ 9,994,382 |

| | 1926 | 1927 | 1928 |
|---|---|---|---|
| Operating revenues | $270,982,223 | $274,879,118 | $304,591,269 |
| Operating expenses | 223,561,262 | 233,305,267 | 249,731,695 |
| Net operating revenue | $ 47,420,961 | $ 41,573,851 | $ 54,859,574 |
| Net of taxes and income Credits and debits—Net Dr. | 5,834,719 | 5,248,432 | 10,409,794 |
| Net available for interest | $ 41,586,242 | $ 36,325,419 | $ 44,449,780 |
| Interest on debt due public | 39,197,233 | 40,526,097 | 41,810,880 |
| Deficit or surplus | 2,389,009 | 4,200,678 | 2,638,900 |

N.B. In each of the above years there was charged against the Canadian National Railways, merely as a book entry, interest on various Government loans made previous to the acquisition by the Government of the various roads and subsequently. In 1923 this interest charge was $30,157,943; by 1928, it had increased to $32,507,337.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120141

The onset of the depression and the sudden and unforeseen loss of revenues and consequent mounting deficits, provided opponents of the Canadian National with their opportunity. Naturally, the C.P.R. interests, who had never looked with equanimity upon a huge railway enterprise backed by Government credit and capital in competition with themselves, were quick to take advantage of the situation. Both in parliament and out of parliament, a concerted attack was made upon the System and its President. Undoubtedly, during the expansive days of the boom the Canadian National had spent money with a lavish hand. Luxuriant passenger trains were provided to catch the fancy of the travelling public; hotels and summer resorts were built and in every way stiff competition had been given the Canadian Pacific. The Canadian National has been blamed for all the spending that was done and the C.P.R. has claimed that its own spending was forced upon it in an attempt to meet the pace set by its publicly-endowed competitor. But there is no doubt that the C.P.R. was also caught by the infection of boom times and did not always require much urging. Despite vociferous claims to the contrary, the Canadian National was not alone to blame, as may be demonstrated by reference to hotel expenditures, for which the C.N.R. has been widely criticised. In the nine years from 1923 to 1931 inclusive, the C.P.R. spent $46,887,999 as compared with $22,153,824 spent by the Canadian National. The C.P.R. may have felt that it was required to spend money in order to keep up with its rival, but surely it was not necessary to spend *twice* as much.

*COLLAPSE OF THE BOOM:*

There was a certain amount of politics involved. Sir Henry Thornton had been appointed by a Liberal administration and his plans and policies were lavishly supported by the Government which naturally, if not wisely, was inclined to take credit unto itself when revenues were soaring. But when depression descended upon the scene, the Conservatives were in power, headed as fate would have it by R. B. Bennett, most of his life a C.P.R. solicitor. There is no intention here to impugn the integrity of either Mr. Bennett or his administration; they were faced with an extremely serious situation and when they were compelled to meet railway deficits of over $60,000,000 a year, it was not strange that they should have sought not only to place the blame upon their erstwhile bombastic opponents but also to find some means whereby the pressure of railway deficits might be removed from the Treasury. The railway committee of the House of Commons provided the opportunity for those who had long awaited their chance to attack Sir Henry Thornton and through him to strike at the Canadian National Railways. During the 1931 session the affairs of the System were raked over publicly and Sir Henry and his officers were grilled



120142

on the stand in a manner which, when all due allowances are made, was more suggestive of personal or political animus than concern for the public weal. Assertions were made and rhetorical questions asked with apparently no other purpose than to provide a hostile press with libel-free headlines.

Sir Henry had made powerful enemies and now they seemed to be in the saddle. In his bitterness and distress he came to believe that recurring changes of political management would tend to render the operation of a publicly-owned railway difficult if not impossible, and was therefore all the more easily persuaded to enter into an understanding with Sir Edward Beatty for the consolidation of the two railways under a management representative of both roads, and in which he might have a place. In consequence of this understanding he, at Beatty's suggestion, recommended to the railway committee the appointment of a Royal Commission to investigate the whole railway situation.

*THE DUFF COMMISSION:*

This recommendation was passed on to the House by the Committee and on November 20th, 1931, Mr. Bennett appointed a Royal Commission to "inquire into the whole problem of transportation in Canada, particularly in relation to railways, shipping and communication facilities therein, having regard to present conditions and the probable future developments of the country, and report their conclusions and make such recommendations as they think proper."

The Commissioners were: Lord Ashfield, of London, England; Chief Justice Lyman P. Duff, of the Supreme Court of Canada (Chairman); Sir Joseph Flavelle of Toronto; Beaudry Leman, a Montreal banker; L. F. Loree, of New York, President of the D. & H. Railway; Dr. W. C. Murray, President of the University of Saskatchewan; and Dr. J. C. Webster, a physician of Shediac, N.B.

The Commission held numerous public meetings in various parts of the country and travelled over most of the railway mileage of the Dominion. Naturally, among those whose evidence was of most interest and importance was that of the various officers of the two railway systems. Sir Edward Beatty presented an elaborate scheme for amalgamation. In a secret session he submitted a plan based on the abandonment of 5,051 miles of duplicate or light traffic lines, comprising 1,743 miles of C.P.R. line; 3,258 miles of C.N.R. lines; and 50 miles of Northern Alberta Railways. He contended that if the railways were amalgamated and these abandonments and other economies put into effect, savings could be made, on the basis of 1930 traffic, amounting to $75,300,000 a year and he produced statistical figures in support of his assertion.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120143

*THAT $56,000,000 ESTIMATE:*

Mr. S. W. Fairweather, Director of the Bureau of Economics, Canadian National Railways, was asked by the Commission to prepare estimates of possible economies under consolidation. He worked out a scheme of savings aggregating $56,000,000 a year but specifically warned the Commission that, while the saving which could be foreseen as a result of consolidation was undoubtedly large, it "could only be effected by the resolute facing of a situation which would require sacrifices both individually and collectively as, if it is to reach large proportions, it would involve drastic abandonments of line, reduction in quantity and quality of service, particularly passenger service, and a considerable disturbance of the railway labor and material market. Canada would also have to be prepared to accept the risk attendant upon monopoly, the possibility of inadequate service, of inefficiency, of carelessness, and of political difficulties arising from the creation of a large group with a common interest." He further declared that such a scheme "was predicated upon a docile or practically helpless public and an equally docile or helpless staff of employees."

*SIR HENRY FALTERS BUT STICKS:*

When Sir Henry actually came down to the point of declaring for amalgamation he faltered. Doubtless the thought of handing over to its ruthless competitors the road which had been his pride was more than he could stand. His testimony was far from conclusive, but there is no doubt of the bitterness he felt in regard to what he considered to be the interference of politics.

"One of the inherent disadvantages of any state-owned enterprise, such as the Canadian National Railway," he said, "is the problem of political interference—and one might also add, public pressure. In making this statement I wish it distinctly understood that I imply no criticism of any party or any government, present or past. I merely state a fundamental and universally admitted condition.

"The leaders of all political parties and the people of Canada as a whole are a unit in their desire to prevent political invasion of the Canadian National Railway. But the plain fact is that, irrespective of such wishes and desires, the problem presents difficulties beyond the control of our leaders, be they ever so patriotic or high minded. After all in any form of popular government it must be accepted as axiomatic that the business of the government is politics and, irrespective of whether one likes it or not, politics is something with which a government must reckon in all its activities.

"This difficulty would of course be removed if the two railways were amalgamated under private ownership; but at once there



120144

is aroused in the minds of the citizens of our Dominion that fear which is quite justifiably displayed whenever a great and formidable monopoly appears—a fear which the activities of many monopolies in the past have justified. There will also be the criticism that with the removal of competition there is bound to be a deterioration in service and efficiency, irrespective of the desire and efforts of the management to avoid such results.

"In short, for a variety of reasons, of which two have been expressed, the amalgamation of the Canadian National and the Canadian Pacific would be definitely repugnant to the people of the Dominion, in my judgment; and, apart from anything else, it becomes politically impracticable. I believe it must therefore be discarded as a solution."

*DUFF COMMISSION AGAINST AMALGAMATION:*

The decision of the Royal Commission, dated September 13, 1932, was definitely against amalgamation; co-operation was recommended instead.

"We have carefully weighed the informing and voluminous evidence which has been placed before us in regard to a subject of major importance to the Canadian people and, in arriving at our conclusions and making our recommendations, we have endeavored to eliminate any considerations as to what might be theoretically the best course to pursue under other circumstances and in other countries, and to base our judgment solely on what is best for the people of Canada.

"The complete amalgamation of the two systems has been suggested as a method, not only for attaining a measure of economy, but also for the most effective use of the properties. This raises the question whether it may be done either by public or private ownership. Whatever merits or demerits this proposal may have, the time is not opportune for giving serious consideration to this particular remedy; neither complete public nor complete private ownership is possible.

"To establish a monopoly of such magnitude and importance would place in the hands of those responsible for the administration of the system powers that would, if not properly exercised, prejudice the interests of the Dominion as a whole.

"It has also been suggested that the Canadian National Railways should be leased to the Canadian Pacific Railway, either in perpetuity or for such a period as would afford an opportunity to effect substantial economies.

"A lease in perpetuity presents certain difficulties. It would, whatever safeguards may be adopted, result in the establishment of a monopoly.

"Other considerations which militate against a perpetual lease are twofold: first, should the population of Canada greatly increase, the volume of traffic would grow and the railway mile-



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

age be materially enlarged, with the result that the management of so great a system might well become unwieldly and necessitate segregation. The second reason is a natural and justifiable hesitation to commit, finally, future generations, and even the present one, to a policy adopted under the stress of difficult circumstances, which may not be best adapted to a new set of conditions difficult to forecast.

. . . . . .

*RECOMMENDATIONS:*

"These and other plans have not fulfilled the conditions which in our opinion are necessary to any practicable solution of the Canadian railway problems. That solution must have regard to the following:

"(i) Correct evils which admittedly are apparent in the operations of the past.

"(ii) Provide machinery for co-operation between the two railways with a view to improving their financial position.

"For the sake of clarity certain main considerations which have been present to our minds are here stated:—

"(i) The identity of the two railway systems should be maintained.

"(ii) The management of the Canadian National Railways should be emancipated from political interference and community pressure.

"(iii) Machinery should be provided for co-operation between the two systems for the elimination of duplicate services and facilities and the avoidance of extravagance.

"(iv) The attainment of a scale of economies which will bring the burdens of the National System within reasonable dimensions and effectively check extravagant and costly operation.

"(v) Reasonable protection for the privately-owned undertaking against arbitrary action by the publicly-owned undertaking which might unfairly prejudice the interests of the privately-owned undertaking.

"In outline the plan we respectfully recommend for adoption is as follows:—

"Three Trustees should be appointed by the Governor in Council, in whom should be vested all the powers of the present Board of Directors of the Canadian National Railways, both in respect of the parent and all subsidiary corporations of the System; and any and every power and authority necessary to enable them to administer the property and operate the System and every part thereof.

. . . . . .





"While the responsibility for the direction and control of the System should be laid upon the Chairman and his associate Trustees, provision should be made for the post of Chief Operating Officer, with the titular rank of President. Under his care should be placed the entire working of the railway in detail. The exact extent of his authority should be covered by regulations or by-laws to be made by the Trustees.

"The President should be appointed by the Trustees and should be responsible to them and not directly to the Government or Parliament.

. . . . . .

*FOR CO-OPERATION:*

"A statutory duty should be imposed upon the Trustees as well as upon the Board of Directors of the Canadian Pacific Railway that, consistently with the provisions of the existing law and with the recommendations of this report and with the provision of all reasonable services and facilities, they should adopt as soon as practicable such co-operative measures, plans and arrangements as shall, consistent with the proper handling of traffic, be best adapted to the removal of unnecessary or wasteful services or practices, to the avoidance of unwarranted duplication in services or facilities, and to the joint use and operation of all such properties as may conveniently and without undue detriment to either party, be used.

"In order effectively to carry out the injunction to co-operate, the Board of Trustees of the Canadian National Railways and an equal number of directors of the Canadian Pacific Railway shall meet at regular intervals for the purpose of discussing and agreeing in respect of matters referred to in the previous paragraphs. In the event of a failure to agree, there may be an immediate reference to the Arbitral Tribunal provided for in the next succeeding paragraph.

"For the purpose of settling disputes and in particular, disputes concerning the desirability of any co-operative measures or arrangements or course of action and for the settling of details of any scheme giving effect thereto and for determining the conditions thereto, an Arbitral Tribunal should be set up for each occasion. The Arbitral Tribunal should be composed, first, of the Chief Commissioner of the Board of Railway Commissioners and, second, of one representative from each of the two railways."

*CANADIAN NATIONAL - CANADIAN PACIFIC ACT:*

At the following session of Parliament the Canadian National-Canadian Pacific Act, 1933, was passed to implement the recommendations of the Commission. The Act provided that in place of the existing Board of Directors there should be appointed three Trustees as recommended by the Commission; the two rail-



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120147

ways were directed to institute co-operative economies, and arrangements were provided for the setting up of Arbitral Tribunals. The Act specifically stated, moreover, that nothing in the Act should be deemed to authorize an amalgamation of the two railways.

Charles P. Fullerton, K.C., F. K. Morrow, and J. E. Labelle, K.C., were shortly afterwards appointed to constitute the Board of Trustees, and the old Board of Directors was discontinued. The Trustees, having been appointed on the recommendation of the Royal Commission, recognized their obligation to implement as far as they were able the provisions of the Act. Consequently they immediately set in motion machinery to effect economies in connection with the elimination of duplicate trackage and services and pooling of train services. These were matters of a naturally complicated nature, but they were rendered all the more difficult because, on the one hand, Canadian National officials were averse to sharing with their competitors such traffic advantages as their road might have, while there was opposition from railway labor which feared, not without justification, that unemployment would result. The chief difficulty, however, was with the C.P.R., which complied with very poor grace.

Sir Edward Beatty was not slow to express his disagreement with the Duff Commission findings, voicing his disappointment in various speeches throughout the country. He was still convinced that amalgamation, or as he later came to term it, unification, was the final solution of the railway question. The year following the report of the Duff Commission was the worst yet for the railways and Sir Edward still had many sympathetic listeners. The following table shows the situation of the Canadian National during the worst of the depression:

| | 1931 | 1932 | 1933 |
|---|---|---|---|
| Operating revenue .... | $200,505,162 | $161,103,594 | $148,519,742 |
| Operating expenses.. | 199,312,995 | 155,208,161 | 142,812,559 |
| Net operating revenue ..... | $ 1,192,167 | $ 5,895,433 | $ 5,707,183 |
| Net of Taxes and Income Credits and Debits— Net Dr. ..... | 6,474,817 | 9,937,073 | 9,259,469 |
| Deficit before interest ..... | $ 5,282,650 | $ 4,041,640 | $ 3,552,286 |
| Interest on debt due public ..... | 55,587,145 | 56,965,279 | 56,465,427 |
| Defiicit ..... | $60,869,795 | $ 61,006,919 | $ 60,017,713 |



120148

*THE TOUCHE REPORT:*

The complicated financial structure of the Canadian National Railway System had been from the beginning an obstacle to the proper presentation of the System's true relationship to the Canadian people. The existing situation lent itself too well to misrepresentation on the part of those opposed for one reason or another to the National System. Sir Henry Thornton had devoted a great deal of attention to the problem, but without reaching any satisfactory solution.

The Government Auditors of the Canadian National Railways, George A. Touche & Co., in their report to Parliament in March, 1935, stated, in connection with the capital structure, that they conceived it to be their duty, under Section 13 of the Canadian National-Canadian Pacific Act, 1933, to bring to the notice of Parliament the facts of the situation then existing. The following is a brief summary of their 1935 report.

The auditors pointed out that at the 31st of December, 1934, the Consolidated Balance Sheet of the Canadian National Railway System showed the Dominion in the joint capacity of controlling shareholder and creditor in the amount of $1,817,118,-010.43, which was classified as follows:—

| | | |
|---|---|---|
| Capital Stock owned by the Dominion— Canadian National Railway Company Old Grand Trunk..... | $165,627,738.70 | |
| Canadian Northern Railway Company..... ..... | 100,000,600.00 | |
| | | $265,628,338.70 |
| Old Grand Trunk Debentures..... | | 15,142,633.33 |
| Dominion advances—for deficits, as adjusted | | 324,074,527.39 |
| Dominion loans for Capital purposes, as adjusted ..... | | 348,506,415.42 |
| Interest accrued by railways on Dominion advances and loans..... | | 459,486,186.74 |
| Dominion Capital appropriations— Canadian Government Railways..... | | 404,279,908.85 |
| Total Dominion of Canada Account as reconciled with official Government certificates ..... | | $1,817,118,010.43 |

The auditors pointed out that the position of the Dominion, as shown in the railway accounts, was that of a large creditor as well as that of a shareholder. In one sense, the Dominion was lending money to itself. "Is it not a fact," the auditors asked, "that what the Dominion owns is the final equity after the debt to the public?" They expressed the belief that, in general terms, final equity should be represented by capital stock.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

The auditors made the following recommendations:

1. That the old Grand Trunk stock of **$165,627,738.70** be written out because the Grand Trunk Board of Arbitration in 1921 had declared the stock worthless and had found the intrinsic property investment values were substantially overstated on the books.

2. That the Canadian Northern stock be written down from **$100,000,600.00** to **$18,000,000.00** to bring the book value of the stock in accordance with the findings of the Canadian Northern Board of Arbitration in 1918.

3. That Dominion advances for deficits aggregating **$324,074,527.39** be written out because it represented a contribution by the shareholders to replace their impaired capital.

4. That the interest accruals of **$459,486,186.74** on Dominion advances and loans be written out because the Dominion in Public Accounts had set up no relative asset. In other words, the Dominion had already written the amount off, and there was no good reason why the books of the railway system should continue to show the item.

5. That the governmental grants in aid of construction represented by the old Grand Trunk Debentures amounting to **$15,142,633.33** be written off because this portion of the grants was placed junior to the old Grand Trunk stocks declared worthless under the 1921 arbitration.

The auditors further recommended the exchange of the Dominion's (then) capital stock holdings and creditor claims in respect of corporate loans, advances and interest accruals, for shares of capital stock in the Canadian National Railway Company, the stated value of which would have been at 31st December, 1934, $361,026,454.13 made up as follows:

| | |
|---|---|
| 1918 Arbitration value of the Canadian Northern Railway Company common stock | $ 18,000,000.00 |
| Dominion loans for Capital purposes—as adjusted | 348,506,415.42 |
| | $366,506,415.42 |
| Less: Impairment of Shareholders' Capital during the year 1934—represented by that portion of the deficit not paid in cash by the Dominion | 5,479,961.29 |
| Total stated value of capital stock | $361,026,454.13 |

The sum total which would then stand to the credit of the Dominion at the 31st December, 1934, would be **$765,306,362.98**, made up as follows:

| | |
|---|---|
| Total stated value of capital stock | $361,026,454.13 |
| Dominion Capital appropriations—Canadian Government Railways | 404,279,908.85 |
| | $765,306,362.98 |





The effects of such an exchange of securities would be—

(a) The status of the Dominion would not be altered insofar as its equity in and claim upon existing assets of the National System were concerned.

(b) The control by the Dominion of all corporate units of the National System would be centralized through the Canadian National Railway Company.

(c) Whereas the Net Debt of Canada as shown in Public Accounts would be increased, apart from current advances, by only **$15,748,921.60**, in respect of the Canadian Government Railways, the proposed exchange would eliminate from the capital stock and liabilities of the National System **$1,046,331,686.16**.

If the above recommendations were carried out the capital account of the National System would appear thus:

| | | |
|---|---|---|
| Borrowed Capital— | | |
| From the public | | $1,246,330,439.18 |
| Owned or Share Capital— | | |
| Capital Stock held by the Dominion | $361,026,454.13 | |
| Dominion expenditures for Canadian Government Railways | 404,279,908.85 | 765,306,362.98 |
| | | $2,011,636,802.16 |

The auditors quoted the Drayton-Acworth Report of 1917 with respect to the Intercolonial Railway, which applies with equal significance to the whole of the National System:

"It has indeed recently been ingeniously argued that it (the Intercolonial Railway) ought to have earned interest at a commercial rate from its first inception, and that all the interest that it has not earned during its whole existence ought to be capitalized and compounded to ascertain the real cost of the railway to the people of Canada. We cannot accept this somewhat fantastic argument. If this theory were accepted, it is manifest that a similar course ought to be followed in the case of ordinary railway companies. Interest, which, of course, has never been paid, ought to be calculated in the same way on all the cash subsidies which private lines have received and on the value of all land grants which they have obtained, and all this ought to be carried into an imaginary account on which imaginary earnings ought to be obtained. Further, the capital account of every railway company ought to be recast in the same way, so as to carry forward into the accounts the money that ought to have been paid for dividends on the share capital, in years when either no dividends or only insufficient dividends were in fact paid."



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120151

The recommendations made by George A. Touche & Co. were not acceptable to the Bennett Government; not only that but they were removed as auditors for the year 1935 and the Toronto firm of Clarkson, Gordon, Dilworth & Nash was appointed in their place. However, Touche & Co. were re-appointed auditors by Parliament in 1936, and in 1937 the general principles of their capital structure recommendations were approved by Parliament by way of the Canadian National Railways Capital Revision Act.

*POSSIBLE ECONOMIES CANVASSED:*

In accordance with the provisions of the Canadian National-Canadian Pacific Act, various projected economies were being studied by joint committees composed of officials of the two roads. Where trackage belonging to one system was to be eliminated, an attempt was made to find trackage of similar length and business potentialities belonging to the other system which could be eliminated. The most promising field for economies was found in passenger traffic and various pooling arrangements were studied. According to estimates of Canadian National traffic officers, duplication in passenger trains aggregated about 3,600,000 car miles, which if eliminated might save about $3,600,000 a year.

Before the Canadian Pacific would consider the matter of pooling, however, it insisted that there should be joint terminals at the principal points and that at Montreal all of the principal pool and non-pool trains should make use of the C.P.R. Windsor Street station. In order to provide union stations as suggested by the C.P.R., large capital outlays were necessary in most cases and for this reason the C.N.R. objected, objecting also to the exclusive use of Windsor Street station. What the C.P.R. proposed was in effect that the C.N.R. should practically go out of the passenger business except as an adjunct to the C.P.R.

*LIMITED PASSENGER POOL:*

Arrangements providing for the pooling of passenger traffic on a transcontinental basis having fallen down, the next step was to attempt a smaller pool, and with the expectation that passenger services west of Toronto—to Chicago where the C.P.R. through its Michigan Central double track from Detroit has an advantage—would be pooled later, the C.N.R. agreed to pool Montreal-Toronto and Ottawa-Toronto passenger traffic where it already had an advantage. Agreements covering these pools became effective on April 2, 1933, resulting in an annual economy of $495,000. This arrangement was extended on March 11, 1934, to include a Quebec-Montreal pool and the elimination of further trains between Montreal-Toronto, resulting in added



120152

savings of $477,000 a year. These, however, are the only pools that have been put into effect; and in the meantime the C.N.R. feels that it has been let down in that the more advantageous—to the C.N.R.—pooling of passenger traffic west of Toronto is still in abeyance.

*DUPLICATE TRACKAGE:*

Since the Canadian National-Canadian Pacific Act went into effect about 655 miles of duplicate trackage, resulting in an annual saving of approximately $625,000 has been eliminated. Other arrangements, such as joint switching arrangements, combined terminals, etc., have resulted in saving about $200,000, making a total annual saving to date of less than $1,700,000.

Economies possible from the elimination of trackage were found to be greatly less than had been anticipated. In the first place, the amount of trackage that is actually duplicate is much less than the public were led to believe by Sir Edward Beatty and others. A survey of duplicate and thin traffic lines made by the C.N.R. of its own lines involving a total of 1,800 miles showed upon consideration of all circumstances, future possibilities of the districts, lack of other transportation and the difficulty of securing the consent of the Board of Railway Commissioners, that only about 600 miles could reasonably be eliminated; and when application was finally made to the Board of Railway Commissioners for permission to abandon this 600 miles the Board agreed with respect to only about half of it. Thus died the myth widely believed throughout Canada that there existed 5,000 miles of railway tracks that could be torn up without detriment to the public service.

*SLOW RECOVERY:*

Although the railways reached bottom in 1933, the climb out of the depression has been slow. For one thing, the western grain crops have been relatively small and the fortunes of Canadian railways are closely linked to grain movements. However, during recent years mining has come increasingly into the picture. And most significant of all, the region of greatest mining activity is along the line of the National Transcontinental and north of it; along that line which was built thirty years too soon but which may yet return a handsome profit to its owners—the Canadian people—even though it may not entirely justify its builders for anticipating the future by so many years.

The following table shows the slow but steady climb of the Canadian National out of the great hollow of the depression:



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120153

| | 1935 | 1936 | 1937 |
|---|---|---|---|
| Operating revenues | $173,184,501 | $186,610,489 | $198,396,608 |
| Operating expenses | 158,926,248 | 171,477,690 | 180,788,858 |
| Net operating revenues | $ 14,258,253 | $ 15,132,799 | $ 17,607,750 |
| Net of taxes and income Credits and debits— Net Dr. | 9,667,642 | 8,723,888 | 9,320,522 |
| Net available for interest | $ 4,590,611 | $ 6,408,911 | $ 8,287,228 |
| Interest on debt due public | 53,468,792 | 49,184,622 | 48,888,545 |
| Interest on Government loans | | 527,682 | 1,744,550 |
| Deficit | $ 48,878,181 | $ 43,303,393 | $ 42,345,867 |

Although the report of the Duff Commission put somewhat of a check upon the activities of Sir Edward Beatty and others advocating amalgamation, the continuance of the depression favored their schemes insofar as they could still point to large annual deficits and cater to the general desire for lower taxes.

The defeat of the Bennett Government in 1935, in which the railway vote undoubtedly played a part—although perhaps not as great a part as some seem to think—and the return of the Mackenzie King administration, generally believed to be more favorably disposed toward a publicly-owned railway system—despite its large and influential anti-public-ownership Quebec bloc — imposed a further check upon the amalgamation campaign. The appointment of Mr. C. D. Howe, a new man to public life, gave the sorely harassed System renewed hope. Notwithstanding his previous associations with big business enterprises, he seems seriously desirous of permitting the Canadian National to work out its salvation as a publicly-owned concern.

*TRUSTEE PLAN TERMINATED:*

One of the first steps of the new administration was the amendment of the Canadian National-Canadian Pacific Act, by which the Board of Trustees was abolished and a Board of Directors consisting of seven was provided instead. George A. Touche & Co. were re-appointed auditors and, in general, their recommendations of 1935 concerning the revision of the Canadian National capital structure were implemented by legislation and a duplication of approximately $1,500,000,000 of liabilities was eliminated.



120154

The directors subsequently appointed were: S. J. Hungerford, Montreal; J. Y. Murdoch, K.C., Toronto; J. H. Symington, K.C., Montreal; D. H. McDougall, Montreal; Wilfrid Gagnon Montreal; B. L. Daly, Montreal; and R. J. Moffat, Bradwell, Sask. Mr. Hungerford, who had held a somewhat anomalous position under the Trustees, was made President and Chairman of the Board. As signifying the important place which mining has attained in Canada, two directors—Messrs. Murdoch and McDougall—were prominent mining men. An innovation was the appointment of one director (Mr. Daly) at the nomination of organized railway labor; and another (Mr. Moffat) on the nomination of farmers' organizations.

*SENATE INVESTIGATION, 1938:*

On March 30, 1938, the following resolution, moved by Hon. C. P. Beaubien, K.C., was adopted in the Senate:

> *Resolved*—That a Committee of the Senate be appointed to enquire into and report upon the best means of relieving the country from its extremely serious railway condition and financial burden consequent thereto, with power to send for persons, papers and records, and that the said Committee consist of twenty Senators.

This, to begin with, was a most unfair resolution. Its major premise was the assumption that an allegedly serious financial situation was due to the failure of the railways when, as a matter of fact, the railways are providing, in a situation that is not of their making, the cheapest transportation in the world.

The Committee got under way early in April and examined in all 26 witnesses, mostly officers of the two railway systems. The question why co-operation had not been more successful was first considered and Mr. Fairweather and Mr. John E. Armstrong, Assistant Chief Engineer, Canadian Pacific Railway, described the manner in which the Joint Co-operative Committees had approached the problem and worked out formulae for the study of various suggested economies and the reasons why greater results had not been achieved.

It was evident from the testimony of Mr. Fairweather that the C.P.R. had never wholeheartedly been behind the idea of co-operation and that such measures as had been adopted were more at the expense of the Canadian National than of the Canadian Pacific. Mr. Fairweather was of the opinion that the field of economies through co-operation was limited to a possible $10,000,000 a year, most of which was incapable of realization at all without some overriding authority to compel both railways to institute economy projects obviously in the public interest. Mr. Armstrong and other Canadian Pacific officers, on the other hand, while agreeing with Mr. Fairweather that the field was limited, disagreed as to the alleged responsi-



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120155

bility of the C.P.R. for the failure to achieve greater economies through co-operation. While Mr. Fairweather was entirely distrustful of the practicability of unification, the Canadian Pacific officers were united in their agreement as to the practicability of unification.

*SIR EDWARD BEATTY:*

Sir Edward Beatty reiterated his case for unification. His submission was similar to that with which the public has become so familiar, except that he had dropped his previous demand that the amalgamated roads be operated under C.P.R. management and that the Government guarantee the interest on C.P.R. debenture stock and bonds. He still held to his estimate presented to the Duff Commission of yearly savings from unification amounting to $75,300,000, based on conditions similar to the year 1930.

His submission was presented under five principal heads:

1. That the two railway companies should continue to own their present properties, the securities of the companies to remain in their present ownership, there being no new capital set-up.
2. That there should not be any guarantee to the Canadian Pacific of a return on its stock or other capital issues.
3. That "each group of owners should continue to receive under unification the net earnings which past experience indicates their company would have received as an independent institution, and that the additional net earnings made available by unification be shared between them on an equitable basis", and "that the Government would directly receive at least half of these savings."
4. That adequate provision should be made to prevent the unified company from neglecting its duty as a public utility, and depriving any community of necessary railway service, by adding, if necessary, to the strength and powers of the Board of Railway Commissioners.
5. That adequate provision should be made to protect the rights of railway workers.

*DISPLACEMENT OF LABOR:*

Sir Edward entered into a lengthy discussion of the question of the displacement of labor. He pointed out that the annual turnover of railway labor on the Canadian Pacific through death, retirement, or other reasons, is almost 5 per cent. The total labor saving under unification he estimated at from 15 per cent to 17 per cent. Assuming therefore that the labor situation on the Canadian National is similar, in five years—which is the time he estimates unification would require—by not hiring additional workers, the regular annual decrease in person-



120156

nel would equalize the number of men eliminated through unification.

Asked what division as between the two railways there should be of the profits arising from unification, Sir Edward declined to say. He could not say whether it should be on a 40-60, 50-50 or 60-40 basis. That, he said, would have to be settled by negotiation between the Government, on the one hand, and the Canadian Pacific on the other.

The C.P.R. filed with the Committee as an exhibit a detailed statement of the economies which had been assumed in making up the estimate of $75,300,000 and a number of the Company's higher officers went on the stand to explain the various items to the Committee. During their examination it became evident that nothing like the 5,051 miles of track which the C.P.R. scheme proposed could be abandoned. Nevertheless, Canadian Pacific officers still contended that much of the mileage of the National Trancontinental, especially between Nakina and Winnipeg, could be abandoned or else degraded.

*MR. HUNGERFORD:*

Mr. Hungerford, in his turn, expressed himself as extremely doubtful that anything like the savings claimed by Sir Edward Beatty could be effected. He himself declined to make any estimates of possible savings, saying that no estimate could be much more than a guess. He contended that the railway was bound to consider the needs of the community in any contemplated reductions or eliminations of service. That there is a field for economy through the elimination of duplicate services he freely admitted but he believed that such eliminations as were practicable could still be effected through co-operation. He did not believe, however, that the necessary co-operative measures could be inaugurated without some measure of compulsion and he recommended the setting-up of an appropriate tribunal to enforce economies obviously in the public interest.

Mr. Hungerford strongly deprecated the attacks and misrepresentations that were being directed against the Canadian National System by self-styled experts and writers advocating amalgamation.

"The wisdom of the formation of the Canadian National Railways cannot be judged solely from its financial results." Mr. Hungerford said. "There is a sounder justification for the operation of the property than railway profits. That justification is found in railway service. I am firmly of the opinion that, judged from that point of view, the Canadian National Railways, far from being a danger to the national existence, has aided in large degree and is continuing to aid in the development of the



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120157

country. Amounts by which the property fails to earn interest on bonded indebtedness are more than offset by these features.

*THE SYSTEM'S ACHIEVEMENT:*

"In the administration of this property there is always taking place a balancing of two features; on the one hand the real need of service to the public and, on the other hand, a requirement to render the property self-sustaining. That it has never since 1923 failed to meet its operating expenses, notwithstanding the great depression, and that during the years of prosperity it succeeded in earning its interest charges to the public is a remarkable achievement, having regard to the condition of the properties when they were taken over by the Government and the requirements of public service which it was necessary to meet.

"There is a tendency to consider the income deficits of the Canadian National as deficits arising out of the operation of the property but this is not so. The property, in fact, has a very great earning capacity under normal traffic conditions. For the 15-year period, 1923-1937 inclusive, its operating revenues exceeded its operating expenses by $361,346,000 or an average of $24,090,000 per annum. Even in the years of depressed earnings, 1932 to 1937 inclusive, the System earned $71,567,000 in excess of its operating expenses, an average of $11,928,000 per annum. In the five most prosperous years, 1925-1929, the property earned $225,287,000 over its operating expenses, an average of $45,057,000 per annum. These figures relate to the all-inclusive system. The deficits arise not from the operations but from the heavy burden of interest charges."

Mr. Hungerford stated that the proposals advanced by Canadian Pacific officers, under which they claimed economies of $75,300,000 a year, were based upon two groups of assumptions, both of which he believed to be unsound: (1) That the quantity of transportation service is greater and the quality higher than is needed; and (2) that Canadian Pacific unit costs can be applied with propriety to Canadian National operations without due regard to differences in geographical distribution of lines and the relative traffic, maintenance and operating problems.

*ALLEGED ECONOMIES UNREALIZABLE:*

In summing up with regard to the asserted economies from unification or amalgamation, he said:

"It is my judgment that they are largely unrealizable. Railway earnings purchased at the expense of the development of Canada and of a wide disturbance in the already disturbed labor and material markets of the country would be too dearly obtained. The country instead of being better off would be worse off. Yet it is only to the extent that a program of drastic



120158

reduction in expenses could be achieved that the country would be warranted in inviting the perils of monopoly and of the great difficulties which I foresee in the type of management of the joint enterprise which is now proposed. It is my opinion that monopoly does not make for efficiency. I do feel that there is a very grave danger of a slackening of the morale of the organization, of a lessening of initiative and enthusiasm, a loss of sympathetic contact between the management and the men and between the management and the public. The risks are, in my opinion, so great that they could only be offset by the reality of substantial economies on a scale which I, for my part, cannot envisage."

*MR. KINGSLAND RALLIES TO THE DEFENCE:*

Mr. W. A. Kingsland, Vice-President of the Canadian National Railways, Central Region, had a word to say about the C.P.R. proposal to abandon Canadian National main line from just west of Ottawa to Capreol, and from Beaverton, 64 miles north of Toronto, through Capreol to Long Lac, and from Nakina to Paddington, just east of Winnipeg; and the further proposal to take up the Canadian National line from Superior Junction, just east of Sioux Lookout, to Conmee, 35 miles west of Port Arthur, a total abandonment of 1,570 miles, all of which, he declared, was the very best in Canada as to grades and curves.

"The population served in the area referred to is approximately 55,000 and in 1937 the earnings in the territory amounted to $3,000,000. That is local earnings, in and out from the stations, not counting through business. The property investment, other than railway, is estimated at $24,000,000," Mr. Kingsland said.

"The section from Ottawa to Capreol is a lumbering area but 10 miles east of Capreol there are very important mining possibilities.

"From Capreol west to Long Lac there are lumber, pulpwood and mining developments, and being in the mineral belt the area is under active investigation by the mining industry.

*PROMISING MINING REGION:*

"From Armstrong until the prairie lands are reached (approximately sixty miles east of Winnipeg) the Canadian National runs through a territory which has seen probably the greatest mineral development during the past ten or fifteen years. At Collins west of Armstrong, the Chromium Mining and Smelting Company have been actively developing their property and have been shipping ore from this point . . .

"Sioux Lookout, which originally was only a railway terminal, has developed into a headquarters for the air service, radio service and the mining industry in this section. As a result, the town has prospered through these sources and become a sub-



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120159

stantial community with the usual interests associated with the northern developments. It is the air base for the various air lines.

"At Hudson, twelve miles west of Sioux Lookout, located on Lac Seul, is situated the base for the movement of freight into the Red Lake and Patricia areas by the transport companies. The water route from this point is approximately 110 miles and a heavy tonnage is handled by tug and scow during the season of open navigation and by tractor and sleighs during winter . . . The tonnage through Hudson has more than doubled during the last two years and, on account of the activity in the Red Lake and Patricia districts, it will, undoubtedly, materially increase . . .

*SET THE COUNTRY BACK MANY YEARS:*

"To abandon this potentially rich and productive north country appears to me as an industrial impossibility and from a railroad viewpoint the proposal to abandon or degrade this Canadian National Transcontinental road shows a lack of understanding of the conditions. Here you have on one hand a line with fine gradients and curvatures and on the other hand a line of heavy grade and sharp curvatures. On the Canadian National line it is possible on the first section under consideration, i.e., Ottawa-Capreol, to handle 50 per cent more tonnage in either direction per locomotive than on the corresponding C.P.R. line, Smith Falls-Sudbury; and on the second section, Capreol-Armstrong, a locomotive can handle 80 per cent more tonnage westward and 110 per cent more eastward than can be handled on the C.P.R. line, Sudbury-Fort William. In regard to the C.P.R. line, Fort William-Winnipeg, and the corresponding C.N.R. line, Armstrong-Winnipeg, the C.N.R. line can handle 65 per cent more tonnage per locomotive than the C.P.R. line. Eastward, however, the C.P.R. can handle approximately 20 per cent more out of Winnipeg per locomotive than can the C.N.R. on its Winnipeg-Sioux Lookout line. This involves primarily grain movement to the lakehead . . .

"The abandonments contemplated in the C.P.R. proposal, if made effective, in my opinion would set this whole north country back many years and would cause a financial loss to Canada of many millions of dollars per annum.

"In my judgment, the line should neither be abandoned nor degraded, but on the other hand, as we have an ideal situation, the line should gradually be built up to the highest possible standard so as to provide the fastest and best possible route between Eastern and Western Canada, not only for the advantage of Canada, but in the interest of national defence."

*EFFECTS OF WESTERN CROPS:*

In a discussion concerning future prospects of the Canadian



120160

National, Mr. Fairweather was asked to estimate the effect on Canadian National finances of a good grain crop in the West.

"I did make a study of this particular question," he answered. "This study was designed to show the direct and indirect effect upon the Canadian National Railways of what might be called a reasonable average crop and a bumper crop, as compared with the crop failures which we experienced in 1937. When you get into these estimates you have got to deal in millions because you cannot touch any problem of the transportation economy without dealing in very large figures. I set as a minimum crop the crop of last year, 165,000,000 bushels, and I compared that with a crop of 400,000,000. Now, in the direct movement of grain and grain products, I estimate that the difference in a year—that is the effect of that crop, the difference between 165,000,000 and 400,000,000—would represent for the Canadian National Railway System $17,000,000 of gross revenue."

*Senator Calder:* "That is on hauling grain alone?"

*Mr. Fairweather:* "That is the grain alone. But that only begins to open up the picture because, if you assume that a 400,000,000 bushel crop is harvested in Western Canada and marketed, the wealth that is produced by that crop will permeate the whole economic fabric of the country and the railways will respond to that condition because everybody will be travelling in some degree, and will be shipping goods, because they will be buying more, selling more and producing more. Now it is interesting to note that that secondary effect of the distribution of wealth is more important than the primary movement of grain. It amounts, according to my figures—I am trying to give the touch of, I won't say reality, but trying to bring it down to perspective—it amounts, in my opinion, to about $20,000,000 additional gross revenue, so that the two things combined would produce $37,000,000 additional gross.

"Of course, that is not all of the picture because you have the cost to consider and on the movement of grain we have, in the interests of the national economy, shaved the freight rate on grain down pretty thin, with the object of leaving as much wealth as possible in the hands of the farmers. The result is that $17,000,000 of additional direct revenue, after charging the out-of-pocket expenses that go with it, I estimate that approximately $1,500,000 would be left. But with regard to the other $20,000,000, that is traffic in which the rate is much more profitable; and on that business we would get, in my opinion, over $10,000,000. So, to sum it up, we would get an increase of about $37,000,000 in gross revenue, and an increase in net of about $12,000,000. That is on the basis of an average crop. If you come to a bumper crop—and a bumper crop I define as 560,000,000 bushels—the figures would show a total increase in



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120161

gross revenue of $62,000,000 and in net revenue of $20,000,000 and that lends point to what I previously was saying as to what would happen to the Canadian National if traffic really should come back to something like what it used to be."

*RISKS OF UNIFICATION:*

At another point in his examination Mr. Fairweather was asked to define the risks attendant upon unification, at which he had previously hinted.

"The risks are many," he replied. "I have spoken of one that, in my humble opinion, is this, that rather than a set of economies that you are looking for you would get increased expense. Is that a big enough risk? I maintain this, that you see the evils of competition between railways and you are apt to assume that there are no benefits. But it is my humble opinion that the benefits of competition, of a reasonable amount of competition, far outweigh the evils of competition and that, if you take away from the transportation picture of this country, in railways, the cleansing power of competition, you are going to see things happen in expenses after a period of years—when the surge of the present training of personnel is passed—you will find things happen to the railways that you never dreamed could happen. . .

"A very grave risk attached to unification is the financial burden of debt which would be put upon the people of Canada, whether they knew it or not. If one has had any criticism of the railway situation in Canada, it has been, perhaps, as to the way in which the financial burden of private enterprises was assumed by the Government, directly and indirectly. Now, under no plan of unification that I can conceive of would it be possible to avoid extending the generality of the guarantee of securities to the Canadian Pacific securities as well as to the Canadian National because the properties, if you are going to seek any large measure of economy, must physically be inextricably scrambled, and they could not be unscrambled. . . The people of Canada might wake up one day and find that they had succeeded in loading themselves with an effective structure of railway debt that would be very large indeed."

*C.P.R. ESTIMATE DOES NOT STAND UP:*

Messrs. T. H. Cooper, Comptroller, and N. B. Walton, Chief of Transportation, Canadian National Railways, took up the C.P.R. $75,300,000 estimate of savings and discussed it item by item. They showed that, as between 1930 and 1937, the combined costs of the two systems had been reduced by a total of $77,802,717. The combined revenues of the two systems in 1930 were $446,580,624; while in 1937 they were only $343,482,166. Naturally, with such a decrease in the total traffic, there would be a corresponding reduction in the total operating expenses, and



120162

it is also quite natural that many of the items included in the C.P.R.'s $75,300,000 estimate have been put into effect in achieving the reduction of $77,802,717 in the combined expenses. This the Canadian National officers pointed out.

The Canadian National officers also proved that in case after case the C.P.R. estimate was not based on a complete knowlege of Canadian National affairs. Two instances out of many are here cited: In the C.P.R. estimate the Canadian National expenses in 1930 at Montreal were shown, "Station Employees", $1,358,579, "Station Supplies and Expenses", $113,400, or a total of $1,471,979. An actual check of the Canadian National figures for Montreal for that year shows that the figures used in the estimate are in error to the extent of $180,000. One other major point, Winnipeg, was checked. For Winnipeg the C.P.R. submission indicates the Canadian National expense for "Station Employees" at $721,112, and "Station Supplies and Expenses" at $44,136, a total of $765,248. This is at variance to the extent of $167,000 with the actual expenses.

The C.P.R. estimate gives the total Canadian National expenses at Montreal for 1930 for "Yardmasters and Yard Clerks", "Yard Conductors and Brakemen", "Yard Enginemen" and "Fuel", as $1,673,471, which is at variance from the actual figures to the extent of $197,000. Similarly, at Winnipeg, the Canadian National expenses for these four accounts are estimated by the Canadian Pacific at $1,016,681, which is in error to the extent of $162,000.

*LABOR PRESENTS ITS CASE:*

Messrs. W. L. Best, Secretary, Dominion Joint Legislative Committee of the Railway Transportation Brotherhoods, and A. R. Mosher, President, Canadian Brotherhood of Railway Employees, appeared before the Committee on behalf of railway workers. Mr. Best dealt with other forms of transport that are now being subsidized by government and which are direct competitors of the railways, showing that the annual cost to the taxpayer for waterways amounts to $32,057,018, and for highways (based on figures for 1935 showing the difference between expenditures by municipal, provincial and federal governments and total amount received from taxes and licenses), $37,866,828, making a total of $69,923,844, or more than $27,500,000 in excess of the Canadian National deficit for 1937.

He disagreed with Sir Edward Beatty's statement that unification would not seriously displace labor. As an illustration he pointed out that in 1928 there were 3,750 names of locomotive engineers on the lists of the 16 Canadian Pacific seniority districts; in 1938 there were 2,850, showing an annual retirement rate of only 2.4 per cent. Dealing with the heavy displacement of railway labor during recent years, Mr. Best stated that in 1929



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120163

there were 187,486 employees engaged in all railway services in Canada, while in 1937 the number had dropped to 125,300.

"It is somewhat astonishing but, nevertheless, a fact," he remarked, "that, whilst there has been considerable agitation and complaint from some quarters because of reduced dividends on capital investment, there has been apparently little concern shown for the deplorable loss in human values."

*RAILWAY WORKERS NOT HIGHLY PAID:*

Another interesting point touched upon by Mr. Best, and one upon which there is much public misunderstanding, was the question of railway wages:

"There were 10,707 Canadian railway employees who in the year 1936 received monthly average earnings of less than $65 per month. This group embraced chiefly maintenance of way laborers who engaged in hard manual labor, who are exposed to all types of weather conditions and who, likewise, are the victims of irregular and uncertain employment due to the seasonal character of the work performed by them.

"There was a total of 15,025 employees, representing 12.4 per cent of the entire group, who received $75 per month or less. In this group will be found telephone switchboard operators, regular apprentices, car cleaners, station agents, non-telegraphers (small station) and others.

"There were 41,238 employees, representing 34 per cent of the total, who received less than $85 per month. In this group ranging between $75 and $85 were bridge and building department apprentices, sectionmen, storemen, freight handlers and others.

"There were 50,337 Canadian railway employees, or 41.5 per cent of the total, who received average monthly earnings of less than $110 in 1936. In this group below $110 will be found many skilled mechanics who must serve apprenticeship or engage in their work for years before being qualified or possessed of sufficient skill for the performance of the service required of them. This group includes carmen, moulders, stationary engineers, signalmen, helpers to mechanics, floating equipment employees and others.

*ALMOST THREE-QUARTERS EARN LESS THAN $125:*

"Almost three-quarters earned less than $125 per month in 1936. Below this figure were 87,331 employees, or 71.9 per cent of the total. In this group were carpenters and bridgemen, section foremen, blacksmiths, boilermakers, clerks, carmen, electrical workers, machinists, pipefitters, sheet metal workers and switch tenders.

"There were only 15.7 per cent of the employees who earned $150 per month or more. In this group earning between $125



120164

and $150 per month were bridge and building foremen, pile driver, ditching, hoisting and steam shovel employees, constables and policemen, station agents (telegraphers and telephoners), foremen in freight sheds, sleeping and parlor car inspectors and conductors, road freight brakemen and flagmen, yard brakemen and helpers and yard firemen and helpers.

"Only 15.7 per cent of the total number of employees earned more than $150 per month. There were 112,727, or 92.8 per cent of the total, who earned $200 or less. In this group with earnings ranging from $150 to $200 per month are assistant engineers and draftsmen, extra gang and snow plow foremen, signal foremen, foremen linemen, inspectors and sergeants of police, supervisory agents and assistants, road passenger brakemen, baggagemen and flagmen, yard conductors and yard foremen, engineers, firemen and others.

*LESS THAN 2 PER CENT EARN MORE THAN $250:*

"Less than 2 per cent of the total number of employees, including the officials, earn more than $250 per month. Out of the total of 121,447 employees, there were 119,154, or 98.1 per cent of the total, who fell below $250 per month. Those earning from $200 to $250 per month embraced miscellaneous officials, general foremen, train despatchers and traffic supervisors, yardmasters, road passenger and road freight conductors and road freight engineers and motormen.

"There were 2,293 whose earnings were over $250 per month. Of this number 585 were executives, general officers and assistants; 896 were division officers and the remainder were road passenger engineers and motormen who had devoted a major part of their working lives to the service prior to accumulating sufficient seniority to enable them to hold this limited number of preferred positions.

"When it is found that less than 2 per cent of those engaged in actual railway service, including the officials, earn in excess of $250 per month, that almost 75 per cent of the railway employees earn less than $125 per month, that 40 per cent earn less than $100 per month, that 12.4 per cent earn less than $75 per month and that 8.8 per cent earn less than $65 per month, it will readily be observed that the impression held by many with respect to high railway wages is the result of a vivid imagination based upon inaccurate rumors, rather than upon reliable and official statistical facts."

*FUNDAMENTAL ECONOMIC REQUIREMENTS:*

Mr. Mosher went somewhat deeply into fundamental economic questions. In his introduction he said:

"The purpose of an economic system, from the standpoint of the people, is the provision of food, clothing and shelter, and the maintenance of the highest possible standards of living which



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120165

the natural resources, the mechanical equipment, the technical skill and the labor of the country can attain. The industries of the nation ought to provide opportunities of employment for every able-bodied citizen, so that they will be able to maintain themselves and their dependents on a basis commensurate with the material and human resources available. It is also essential that standards of living should steadily improve, and employment should steadily increase to provide for a growing population.

"In the light of these facts, the workers must oppose by every means in their power, any policy which would decrease employment, would reduce purchasing power and would restrict rather than expand the services to which the people of a richly-endowed nation are entitled. No one will argue that Canada cannot sustain, at a high level, the living standards of a comparatively small population which has as its heritage enormous natural resources, and highly developed industries. The people of Canada have every right to look forward to the future with optimism and courage, and it is deplorable that many business and political leaders seem to have lost faith in their country and themselves. . . . . "

*IF CANADIAN RAILWAYS HAD ARGENTINE RATES:*

Mr. Mosher referred to the fact that Canadian railway rates are among the lowest in the world and discussed the effect of higher rates on the fortunes of Canadian railways.

"Let us suppose," he said, "that the Canadian railways had been able to charge a ton-mile rate equal to the Argentine rate on the freight they hauled. The C.N.R. would then have shown a net operating revenue of about $105,000,000 instead of $11,000,000. Allowed the Argentine rate, all Canadian railways would have shown a net operating revenue of about $250,000,000 instead of $53,000,000. If the C.N.R. had been able to collect the Australian average ton-mile rate last year, it would have shown a net operating income of about $195,000,000 instead of $11,000,000."

As the only alternative to a reorganization of the present economic system on a more equitable basis, Mr. Mosher suggested to the Committee that they might investigate the following: "1. The possibility of reducing the rate of interest on the C.N.R. indebtedness. This would place the burden on those who can bear it—the bond-holders—rather than upon the railway employees who cannot do so. 2. The regulation of competitive forms of transport . . . railway rates are subject to complete regulation, while highway transport, as well as transport by water and by air, have been wholly unregulated. 3. The increase of passenger and freight rates, in such a manner as to permit the railways to earn a reasonable rate upon their capital investment. . . . "



120166

*CANADA'S CHANGING FACE:*

Most of the advocates of amalgamation have based their arguments upon the assumption that there are 5,000 miles of functionally duplicate track which could be torn up without serious inconvenience to the public. Canada would seem, from this argument, to consist of two relatively large traffic areas, or pools, one consisting of the thickly settled portions of Ontario and Quebec and the other of the Prairie Provinces. Between these, and providing a perpetual barrier, lies a rugged and broken wasteland, 1,000 miles across. Each of the three transcontinental railways built a line through this region, and the amalgamationists argue that, since from their point of view, there can be little hope of local traffic, only one of the three lines need be maintained. In view of the source of most amalgamation propaganda, it is perhaps not strange that the C.P.R. line is the one suggested to be retained. Then, to connect the two central traffic pools with the Atlantic, on the one hand, and the Pacific, on the other, it is suggested that one line, or two at most, be retained.

The discovery of rich mineral deposits throughout a considerable area of what was formerly the barrier region entirely alters the picture; and it is now probable that the region as a whole will provide as much railway traffic, proportionately, as any other section of Canada. In the Central Provinces there must always be a certain amount of competition from motor vehicles and shipping, but in the land of granite the railway must for a long time continue to be the chief transportation agency.

After Confederation, the principal task which the Canadian people had to face was the settlement and opening up of the West, but today the greatest task is the development of the North. One of the chief drawbacks to Canada's development is that in the past the country has been considered as little more than a narrow strip of territory along the northern border of the United States. The lines which now constitute the Canadian National were built, however, upon the assumption that Canada was much more than such a narrow strip. Yet even their builders, at the time of their projection, did not envisage the mineral possibilities which are now about to change the face of the country.

*NEW HOPE IN THE NORTH:*

Hitherto, Canada has looked enviously over the wall to the South. But with greater knowledge of the richness of the North, of which mineral wealth is only a part, the Canadian people will look more and more to the North. They will count themselves fortunate that, mistaken though their previous premises may have been, they now have a great transcontinental railway system as a base from which to promote the development of



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120167

the North. Some day when the North is properly developed, people will look back at the present-day proposal to tear up these strategically-placed tracks as curious manifestations of depression psychosis.

Transportation, especially railway transportation, is coming more and more to be recognized as a matter of national concern. Even though, from a commercial standpoint, railways may not be profitable, railway transportation cannot be dispensed with. Often the argument is used: "In a private business, if a branch factory did not pay it would be closed down." That is true, but in most cases railways cannot be closed down; the service they provide is too intimately connected with the national economy to permit of such a course.

*RATIONALIZATION ALREADY ATTAINED:*

In the early days of railways they were privately owned, although in Canada all have received greater or less governmental assistance because of the national nature of their undertaking. After a period of unregulated private operation, it was found necessary, in country after country, to apply greater or less governmental regulation or control. In Great Britain, the 120 railways existing in 1921 were amalgamated by Act of Parliament into four privately owned and operated regional systems. In the United States, some form of amalgamation under Government auspices seems inevitable. It is argued, by analogy, that unification is therefore desirable in Canada; but Canada has already brought amalgamation to its logical conclusion—the establishment of two great systems, one publicly owned and the other privately owned. Under the present economic order there is still a place for competition; and it is doubtful if the creation of a vast railway monopoly, operated by the Government, or by the C.P.R., or by a so-called independent Board, would be desirable in the existing state of affairs.

*MONOPOLY A REAL DANGER:*

Sir Edward Beatty has been at some pains to minimize the dangers of monopoly. He suggests that such a possibility could be overcome by placing the combined railways in the hands of a Board consisting of fifteen persons, five appointed by the Government, five by the C.P.R., and the other five appointed by the first ten. But no person who knows anything about the ramifications of the C.P.R., and of the influence which it has had with most of the Governments of Canada, willl readily believe that any such board would be free from C.P.R. domination. In the first place, each of the C.P.R. appointees would be undoubted C.P.R. men, while of any five men appointed by any Government it would be strange if at least one did not have some affiliation with the C.P.R., or some of its connections. This would mean, at the outset, a six to four advantage for the



120168

C.P.R.; and by the time these ten had selected their five colleagues the result, in all probability, would be nine to six in favor of the C.P.R.

The C.P.R. is much more than a railway company; it has affiliations in every section of the country and is interested in every industry and every line of business. It does not hesitate to use its economic and financial power to promote its particular ends, as many Canadian business men could attest if they dared run the risk of the C.P.R.'s displeasure. Consequently, if the C.P.R. were in a position to dominate the railway transportation field, it would also be able to dominate the economic and political life of Canada. It is all very well for Sir Edward Beatty to protest that the C.P.R. has changed since the days when its name was a stench in the nostrils of the West. Undoubtedly the change from a ruthless American railway builder, as president, to a suave public relations counsel is an improvement, but has the real nature of the organization changed? Only dire necessity should compel the Canadian people to put themselves in the power of any monopoly; and there is no evidence that such a need now exists, or is likely to exist.

*SIR EDWARD BEATTY'S REASONS:*

Sir Edward Beatty attempts to justify the strenuous efforts he has put forth on behalf of his unification scheme on the ground that the C.P.R. is a large taxpayer and naturally interested in reducing its taxes. That might be a justifiable reason if it were true that through amalgamation the taxes of the C.P.R. would be materially reduced, but as an experienced railway man Sir Edward must know that the actual saving under unification would be extremely slight—so slight, in fact, as not appreciably to affect the taxes of the C.P.R. It is doubtful if the savings which would accrue to the C.P.R. from any practicable amalgamation scheme would equal, in a good many years, the money which the C.P.R. has already, in one way or another, expended upon its amalgamation campaign.

We must therefore look elsewhere for the reason. It seems likely, aside from the obvious economic and political advantages to be derived from the control of a railway monopoly, that the uncertain future of all railways is perhaps the best clue to Sir Edward's activities. There was a time, in the heyday of railways, when the securities of a well-managed railway were considered gilt-edged; but, for a number of reasons, those days have passed, probably never to return.

*RAILWAYS APPROACHING OBSOLESCENCE:*

Most of the steam railways, at least in North America, are approaching obsolescence. New materials and new equipment call for radical alterations in railway methods, but with the huge sums invested in existing equipment the railways cannot



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120168

afford to adopt many new ideas. The competition of trucks, buses and airplanes, which on the one hand, is making the adoption of new methods inevitable, renders it, on the other hand, more difficult for the railways to provide the capital for new methods and equipment. All this, of course, is reflected in the price of railway securities. The C.P.R. has outstanding stock of a par value of $763,668,470 and bonds aggregating $172,714,900; and while it has never failed to meet its fixed charges, and until the depression had paid consistently high dividends, the present price of C.P.R. stock would suggest that the investing public is not very sanguine as to the likelihood of its resuming its former scale of dividend-paying in the very near future.

In such circumstances it is understandable that Sir Edward Beatty and his fellow directors might desire to have the Government back of their securities. The first amalgamation proposals were made on such a basis, but as opposition developed Sir Edward ceased insisting upon this. No one who has followed the course of Canadian railway history, however, can fail to realize that no railway merger would be possible without an implication of government guarantee so palpable as eventually to force the government to accept the responsibility. Not all the present C.N.R. bonds bear the Government's guarantee, but the guarantee is implied.

*THE DEBT BOGEY:*

Sir Edward Beatty and other amalgamation advocates have harped so much upon the Canadian National debt and have left the details of their proposals in such obscurity that most people in Canada have a very confused idea of the whole matter. So much emphasis has been placed upon deficits that many persons believe that the Canadian National is actually losing money through *operation*. Relatively few persons, on the other hand, realize that its deficits arise from its inability to earn money enough *after paying operating expenses* to pay the interest, most of it at high rates, on bonded indebtedness for which private mismanagement before the era of Government ownership was largely responsible. It has not been proposed under any amalgamation scheme—nor is such a thing possible—that the Government should be relieved of this indebtedness. The claim is made that the savings under amalgamation would be sufficient to offset interest requirements, but this claim has not been substantiated.

*COMPARISON OF OPERATING RATIOS:*

A further claim is that under C.P.R. management, or under what is termed "independent management," that part of the unified system now comprising the Canadian National could be more efficiently operated. It is true that the Canadian National's



120170

operating ratio is consistently higher than that of the C.P.R. The operating ratio represents the proportion of operating expenses to gross revenue. In 1937, for instance, the Canadian National's operating ratio was 91.12, while that of the C.P.R. was 80.69. In other words, of every dollar which the Canadian National received, 91.12 cents went for expenses. These figures do not accurately show the relative costs of the two systems, because of differences in their respective methods of accounting, but it is true that Canadian National costs are higher. This is not due, as some contend, to the fact that the Canadian National is government-owned, but to other quite demonstrable reasons.

In the first place, the Canadian National was made up of a group of railways built separately and not with a view to joint management; while the C.P.R. was built as a unified system into which extensions or additions were planned to fit. Then the C.N.R. lines, as has been shown, are more generally in the sections of the country where settlement is sparse and traffic consequently light. Maintenance and supervision costs, and to a certain extent operating costs, are approximately the same for light traffic as for considerably heavier traffic. There are other reasons, aside from relatively efficiency, for differences in operating ratios. Among Class 1 railways in the United States there is a wide spread in operating ratios, running all the way (1937 figures) from 55.98 for the Norfolk and Western and 56.95 for the Chesapeake and Ohio to 77.55 for the New York Central; 80.94 for the Chicago, Milwaukee, St. Paul and Pacific; 82.01 for the Atchison, Topeka and Santa Fe; 84.86 for the Chicago, Rock Island and Pacific; and 90.59 for the Chicago and Northwestern. The contention that under unification C.P.R. costs could be applied to the C.N.R lines cannot be sustained.

*OBJECTIONS TO PUBLIC OWNERSHIP:*

When it comes to the argument that the Canadian National is less efficient than the C.P.R. because of public ownership, the contention is no easier to sustain. The Canadian National is operated under corporate form, just as the C.P.R. is. In the one case, the Government is the sole shareholder; in the other, the shareholders are distributed through many countries. The operating officers, however, are exactly the same type of men in each case: they have grown up in the same school. The same opportunities and incentives are open to the personnel of each. The present head of the Canadian National began his railway life as a mechanic (on the C.P.R.) and has worked up to the top.

The C.P.R. has a fine record of efficiency, yet it has made many mistakes, but because it is privately-owned its mistakes are not blazoned to the world as the mistakes made by the Canadian National frequently are. When comparisons between public and private enterprises are made, it is not unfair that



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120170

the records of the Grand Trunk and the Canadian Northern should be taken into consideration. Any publicly-owned institution would have to go far to equal their records of failure and inefficiency. Furthermore, the history of railways in the United States and elsewhere does not provide a very inspiring record on the side of private railway operation.

There are, however, certain weaknesses in public ownership, some of which affect the Canadian National Railways. The likelihood of the party in power to claim credit for its successes, and for the party in opposition to be driven thereby into a position of seeming hostility, is one of the drawbacks. The former practice of appointing political directors, selected on a regional basis, was an undoubted mistake. Directors so appointed seemed to recognize no other function than that of urging the expenditure of money in their respective districts. There is no reason why capable directors could not be appointed to administer the national system just as they would any other business entrusted to their hands. The present Board represents a move in this direction and, as such, has met with general approval.

Another drawback to public ownership is that, so far at any rate, a majority of Canadians are prejudiced against what is termed "the Government in business." There are many powerful agencies interested in discrediting public ownership, but there are few, and none of them powerful, interested in giving the other side of the question. Consequently, all sorts of canards find ready circulation and easy acceptance if they are aimed at public ownership.

*RAILWAYS AS PUBLIC UTILITIES:*

The statement is often made that if the Canadian National did not have the Government behind it, "it would have to live on its income," like any other business. Those who so argue overlook, however, the essential difference between a railway system and any other type of business. It was precisely because of this difference that the railways were taken over by the Government in the first place. They were unable to live within their income. If they had been ordinary businesses they might have been discontinued, or else, have been reorganized and given a fresh start with new capital. It would never be in the public interest to discontinue the Canadian National System, nor could it be reorganized and placed in private hands if a guarantee of adequate public service were required. In other words, railways are a national necessity. When they cannot be operated profitably as commercial concerns—which is always the case in a new country—they must either be heavily subsidized, as the C.P.R. was, or taken over and operated by the Government, as was the case with the other railways.



120172

The need for railways in opening up new territory, and the necessity for carrying products such as wheat, coal and ore at less than commercially profitable rates are additional reasons in Canada why providing railway transportation must be considered a function of Government. It is conceivable that if railway rates were to be raised the Canadian National might earn enough to pay its fixed charges; but there is also the possibility that higher rates would so restrict business as to defeat this end. Therefore it can be argued that it is preferable that deficits should be met out of taxation rather than that essential railway services should be dispensed with, or that rates should be increased.

*FUTURE PROSPECTS:*

Even though it is demonstrably better business from a national standpoint for Canadian National deficits to be paid out of taxes rather than that rates should be raised or services unduly reduced, the question may still be asked whether railway deficits must be paid indefinitely, or if there is any prospect of relief. In answer to such questions, it may be said that the Canadian National System is as efficient as any on the continent; that its tracks are in good order; that it has the lowest grades and easiest curves; that its equipment is reasonably up-to-date; that its personnel compares favorably with that of any other railway; that it can handle twice its present traffic with very little additional capital expenditure; and that if it could secure forty per cent more traffic (not quite as great a volume as it had in 1929), it could pay all its fixed charges and leave a handsome balance for the people.

There are some who fear that, due to the competition of trucks, buses and airplanes, the railways will never see prosperity again. This may be true in some countries and in certain parts of Canada. In parts of Ontario and Quebec, for instance, it is likely that other forms of transportation will largely supplant the railway, as well as in certain parts of the Prairie Provinces when highways there are finally hard-surfaced. But, due to the rugged nature of the territory which its transcontinental lines traverse, and to the fact that the winters are much more severe in that part of the country where its future traffic will largely be secured, the effect of this competition upon the Canadian National will become increasingly less as the North is developed. Consequently if there is one railway system in North America which seems to have a future it is the Canadian National.

Motor vehicles are subsidized by municipalities and provincial and federal governments through the provision of highways which the proceeds of licenses and gasoline taxes do not suffice to maintain. It is inconceivable, for other reasons as well, that governments will continue this subsidization indefinitely without



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

S7105
120173

insisting upon regulations that will put competition on a more equitable basis.

*CONCLUSION:*

Summing up then, it may be said that amalgamation is not the way out because:—

1. The mileage which it was claimed could profitably be torn up, and upon which savings were predicted, is greatly over-estimated.

2. The savings claimed as possible through the elimination of duplicate services are also greatly over-estimated as duplicate services which cannot be eliminated through co-operation are not extensive.

3. Canadian National deficits are not due to operating losses, but to inability of the System to earn the interest on excessive bonded indebtedness which no scheme of amalgamation could overcome.

4. Canadian National deficits are not due to public ownership, nor is the record of private ownership, despite the past success of the C.P.R., such as to suggest that private operation would be any more successful.

5. With the development of the North sufficient traffic can be provided to enable the C.N.R. not only to pay its fixed charges but a profit in addition.

6. The creation of a railway monopoly would be definitely contrary to public interest since it would be impossible to prevent control from passing into the hands of the C.P.R.

7. For every dollar by which railway deficits might be reduced through amalgamation, it is certain that many more dollars would be lost to the community in restriction of production, curtailment of services, dislocation of business, and relief payments made necessary by the enforced idleness of former railway workers.

Therefore, the Canadian people would be well advised to hold fast to their railway system, acquired at so great a cost in grief and money, and insist that their Governments give it the fullest possible opportunity to continue as a publicly-owned system, by restraining their own inclination to create political capital at its expense, and by appointing as directors the most capable and conscientious men available. If through the hostility of its enemies, the apathy of its friends, or the venality of governments, the Canadian National System should ultimately fail as a publicly-owned enterprise, the present railway problem will be as nothing in comparison with the one which will then be upon the country.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120174

# RAILWAY FACTS

Published by the Citizens' Group for Railway Action.

No. 10 | 607 TEMPLE BLDG., TORONTO 2, ONT. | Feb. 1, 1939

## Montreal Station Plan Contrary to 1933 Law

Observers of public events have expressed surprise that the Dominion Government approved the proposal of the Canadian National Railways to build a passenger terminal in Montreal which would be used exclusively by trains of that railway.

The project is, in effect, a violation of a statute of the Parliament of Canada. This statute, the Canadian National-Canadian Pacific Act of 1933, directed both these major railways to proceed with pooling and such other co-operative measures as would bring about economies in operation.

Pooling projects now in effect create an annual saving of about $1,700,000. Further co-operation, especially in passenger services, will be rendered much more difficult, it is stated, by the building of a station at Montreal which all are agreed cannot be used as a union station.

There has been no repeal of or amendment to the 1933 law.

## U.S. Railroads Don't Earn Fixed Charges

Railroad Data published by a Committee on Public Relations of the Eastern United States railroads states that, for 1938, the carriers would have had the largest deficit in their history if it had not been for a rate increase authorized by the Interstate Commerce Commission in 1937.

There is no serious proposal for an increase in railway rates in Canada. On the contrary, the trend is in the other direction, as witness the agreed charges authorized by statute in 1938.

Despite the rate increase, operating revenues of U.S. railroads were 14.8 per cent. under 1937. Net operating revenue (the money available for interest, dividends, etc.) fell 38.7 per cent. below 1937. This figure for 1918 is 58.3 per cent. below the net for 1930.

Considering the carriers as a group, they failed by $125,000,000 to earn fixed charge in 1938. The amount available for fixed charges was $98,000,000 in 1937 and was $524,000,000 in 1930.

## Says C.N. Pays 3 Cents When One Cent Would Do

"I doubt if any capital expenditures can be justified at this time," writes one Ontario weekly editor privately to Railway Facts, "and I am in favor of all other economies possible.

"For instance, looking over the many so-called press releases coming into this office, I observe the Canadian National Railways is the only institution which apparently can afford to pay first-class postage on what is distinctly third-class matter."

## Consolidations Help, Says U.S. Committee

The committee appointed by the President of the United States last year to inquire into the railroad wage situation, made a report which included comments on the merit of consolidations. Following are excerpts:

"Competition between railroads is of continually lessening importance to the public as other modes of transportation supply more and more of that competition which was once provided only by competition between the railroads themselves. The result is that further railroad consolidation may be effected in many cases with great public benefit. Proper consolidations would also be a factor in the elimination of circuitous routing, with the direct result of increasing carrier earnings without increases in rates to the public.

"No objection could be urged today against consolidation that could not have been urged with much greater force against the actual consolidations of the past. Yet without the consolidations of the past there would be no major rail systems of today. The progress and accomplishments of the past are indicative of the possibilities of accomplishments of the same sort that may be realized in the future.

"Those who have had experience in rail transportation recognize that the only true co-ordination is that which is brought about through consolidation. The practical difficulties which inhere in co-ordination are absent in consolidation."

## Some Rail Guarantees as to Interest Only

The $216,207,142 of railway debt which is guaranteed by the Dominion government as to interest only consists of Grand Trunk 4 and 5 per cent. perpetual guaranteed and debenture stock, Great Western Railway 5 per cent. perpetual debenture stock and 4 per cent. perpetual debenture stock of the Northern Railway of Canada.

The Great Western Railway, operating in southwestern Ontario, was a part of the Grand Trunk system many years prior to the acquisition of the Grand Trunk by the Canadian Government through receivership proceedings.

## Prefers Union Station

A Manitoba editor, who is opposed to the present Montreal terminal plan, even as a relief measure, favors a union station project if it can be economically justified. He writes: "If a new union terminal would enable the railways to give more efficient service and meet competition by other transportation systems, then it might be a good investment."

## 184 Editors' Opinions Published in Pamphlet

One hundred and eighty-four Canadian editors have answered the questionnaire sent by the Citizens' Group for Railway Action regarding the projected Montreal terminal for the exclusive use of the Canadian National Railways.

A digest of the comments of the editors has been sent to Prime Minister King and Transport Minister Howe. Editors were identified only as to number and province. The digest now has been published in pamphlet form and is available to any citizen who cares to write to the Citizens' Group for Railway Action.

The editors voted six to one against the expenditure, and said that if it was justified as a relief measure, the station built should be a union station.

Railroad leaders and all engineers are agreed that the tunnel site could not, except at vast expense, be converted into a union station.

## Pass Resolution Deploring Building of New Terminal

Directors of the Citizens' Group for Railway Action have passed a resolution deploring the decision of the government to proceed with construction of an exclusive Canadian National Railway passenger terminal in Montreal.

The resolution adds that, if the Government is convinced that some public works are essential in Montreal as measures of unemployment relief, the Government should see to it that a new passenger terminal, if any, be a union station.

It is added that this resolution reflects the opinions of members of the Group whose views on the question were obtained by questionnaire.

## Contracts are Signed; Work Begins Quickly

Contracts for excavation and substructure to an amount of $1,100,000 have been let by the Canadian National Railways in connection with the proposed $12,600,000 passenger terminal in Montreal.

Work began Thursday, January 26, and it was stated that large gangs would be employed beginning January 30.

## Favors Relief Expenditure

While disapproving of the terminal project, and preferring a union station to the present Montreal plan, one Alberta editor favors the expenditure as a relief measure. He says: "Expenditure for national objects for unemployment relief is preferable at any time to direct relief, where recipients are physically able to do the work."

## Scotch Voice on Phone Tells Off D. J. Little

Dalton J. Little, secretary of the Citizens' Group for Railway Action, was told on the telephone the other evening in strong Scottish accents that some person or group would "get even" with him for his continued campaign to arouse public opinion to the gravity of the Canadian railway problem.

The man refused to give his name or telephone number and declined an opportunity to meet Mr. Little to discuss the question. He did say, however, that he was a member of "the union". He would not listen to the contention that the ultimate interest of all railway workers demanded that there be a solution of the problem on sound lines.

Before he closed the conversation, the voice also said that "we" would "get even" also with another member of the Citizens' Group who was supposed to be connected with a large corporation which deals with many members of the general public, including railway employees. The man did not wait to hear the thought that this corporation was also a large shipper of goods and that railway workers needed the goodwill of shippers and the general public.

Mr. Little said later that the man used no profane language and threatened no bodily harm and that there was no need to ask for police protection.

## Senate Gets Facts, Commons Votes Money

Resumption of the hearings of the special Senate Committee on Railways is expected.

Hearings of the Senate Committee are the principal source of public information regarding the Canadian railways and the railway problem. On occasions when questions are asked in the House of Commons respecting the Canadian National Railways, it is customary for the Minister of Transport to reply that the matter is one for the railway management to deal with and that it is inexpedient for the Government to ask the railway for the information desired by the member.

The principal duty of the House of Commons in connection with the Canadian National Railways has been to vote the funds necessary to meet the deficit on interest on the funded debt. The amount so voted last year for 1937 was $42,000,000 and it is expected that the amount required this year for 1938 will be at least $53,000,000.

## Foresaw End of Deficits

"If all goes well the National Railways will be paying both operating and fixed charges in a few years' time." — Winnipeg Free Press, October 29, 1923.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120175

# THE CANADIAN RAILWAY PROBLEM

A DISCUSSION OF

## Wages and Working Conditions

of

## *Employees in Train and Engine Service*

*Submission of*
JOHN L. McDOUGALL
Assistant Professor of Commerce
Queen's University
*to the*
Special Committee of the Senate
March 21, 1939

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120176

# FOREWORD

THIS PAMPHLET is published by the Citizens' Group for Railway Action as a contribution to the discussion of the Canadian Railway Problem and its publication is not to be taken as an endorsation of the views of the Author. The Proceedings of the Senate Committee have been edited so as to give the paper as submitted. For a fuller presentation of the Author's views upon collateral topics as established under examination, the reader is referred to the Proceedings.

CITIZENS' GROUP FOR RAILWAY ACTION

611 Temple Building,
Toronto, 2, Ont.,
March 30, 1939.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120177

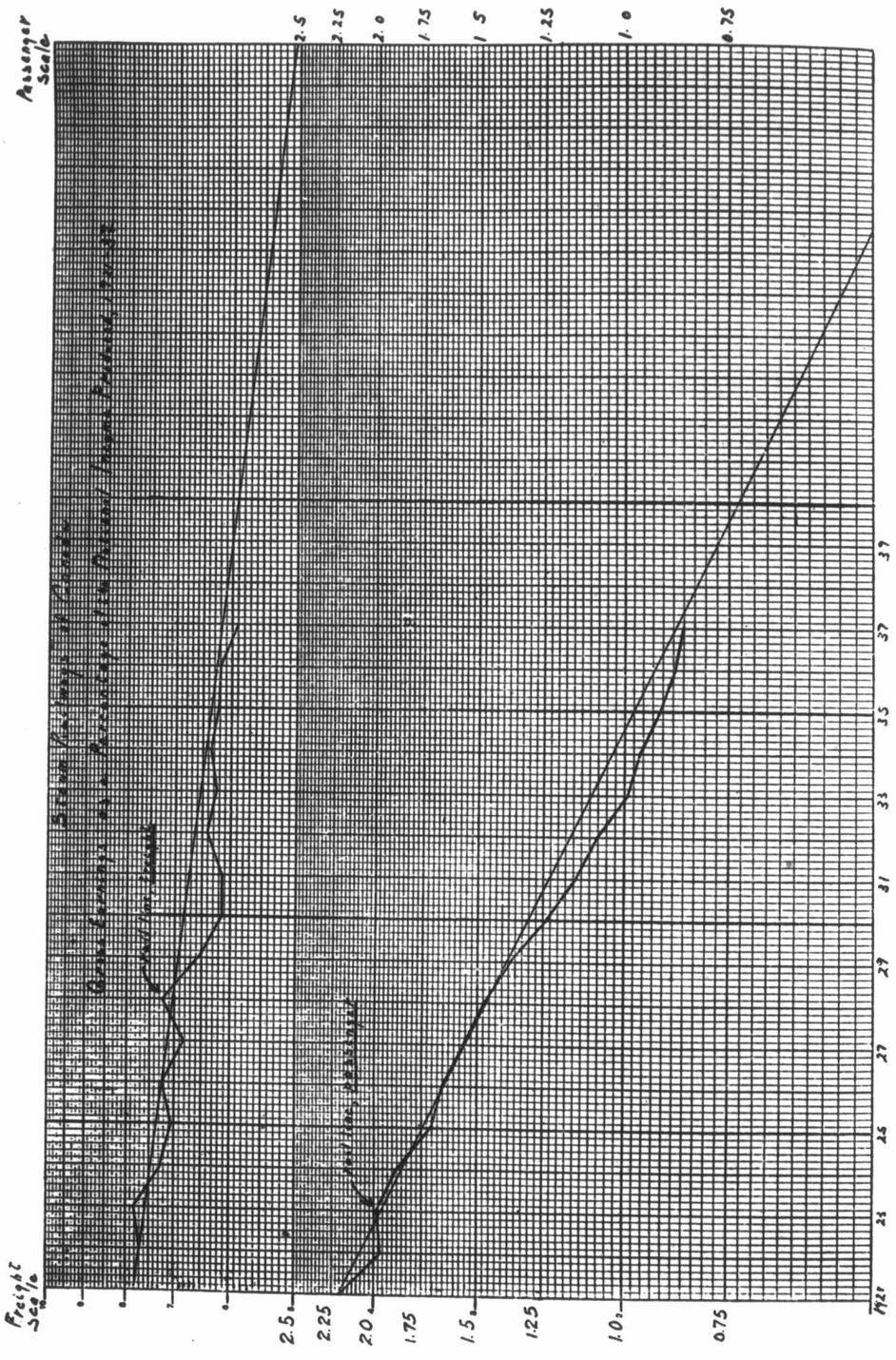



*Chart to Illustrate* TABLE 1

120178

# Wages and Working Conditions
## of
# *Employees in Train and Engine Service*

Mr. Chairman, Gentlemen of the Committee:

With your permission I should like to confine myself rather strictly to a consideration of the employees in train and engine service — engineers, firemen, conductors, brakemen, baggagemen and flagmen. I propose to argue that the agreements governing their wages and working conditions are seriously obsolescent, if not totally obsolete, and provide a serious obstacle to the recovery by the railways of the competitive position to which their basic strength as carriers would entitle them. In order to prove that position, certain basic propositions concerning the railway industry as a whole are first offered.

The railways are now and have continuously been since not later than 1923, a declining industry. That relative shrinkage was masked up to 1928 by the rise in general business activity, but the drastic decline since that date is only partly the result of a cyclical decline in general business; it is also the result of a secular decline which has been running substantially unbroken since the end of the last war. Table 1 is given as proof of that statement. It shows railway gross earnings as a percentage of the national income produced. These percentages are given rather than the original figures, because the wide movements in all economic series make it difficult to see trends in them which become perfectly clear in the percentage comparisons.

TABLE 1

Railway Gross Earnings as a Percentage of the National Income Produced

| Year | Freight percentage | Passenger percentage |
|---|---|---|
| 1921 | 7.81 | 2.20 |
| 1922 | 7.70 | 1.93 |
| 1923 | 7.85 | 1.98 |
| 1924 | 7.27 | 1.88 |
| 1925 | 7.06 | 1.71 |
| 1926 | 7.23 | 1.65 |
| 1927 | 6.82 | 1.56 |
| 1928 | 7.25 | 1.47 |
| 1929 | 6.56 | 1.37 |
| 1930 | 6.25 | 1.29 |
| 1931 | 6.23 | 1.14 |
| 1932 | 6.41 | 1.08 |
| 1933 | 6.26 | 0.99 |
| 1934 | 6.36 | 0.96 |
| 1935 | 6.22 | 0.91 |
| 1936 | 6.20 | 0.87 |
| 1937 | 5.91* | 0.85* |

* Based on preliminary estimates of the national income

That comparison is not put forward as something novel. It is merely an attempt to put into definite and measurable form what is common knowledge — that the railways are losing position. They are under pressure all along the line. The lush earnings which they once had upon their main lines have been very

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120179



greatly reduced and the modest profits on many branch lines have been replaced by substantial losses.

A great many factors have contributed to that change. It would be a grave mistake to set it down as all due to motor competition. In fact, motor competition for freight traffic did not become important till about 1929-1930,* and it was not until 1933 that general rate changes were instituted in the central region to meet it. In relation to passenger traffic, it is possible that the pressure of motor competition has been important, but it should be noted that these losses of the railways were occurring at a time when the volume of passenger travel was increasing more rapidly than at any time in the past. In other words, these figures greatly understate the relative losses of the railways in the passenger business. For present purposes, however, it is enough to say that the railways have been under the most severe pressure since 1923 to re-arrange their services to make them more desirable to the travelling and shipping public. And it is against that background of an industry fighting what has, to date at least, been a long, losing battle, that I want to consider the wages and working conditions of the train and engine service employees.

Trains operation involves certain peculiarities which deserve notice. Firstly, the volume of traffic fluctuates and therefore the number of trains. Those movements are probably beyond any control and are certainly beyond the control of the railways, but they make it necessary to have more workers on the list of availables than can regularly find full-time work except at the seasonal peak. In some way or other the job must be made sufficiently attractive to hold them in this field. Secondly, even the engineer, who is the most skilled member of the train crew, need not be a person of an unusual skill. A man of sound intelligence could be trained to operate a locomotive in a very short time. In the pre-war period when the labour force was being rapidly increased, men quite frequently ran as full-fledged engineers after only six months' experience. The distinguishing mark of these men is not any unusual skill or the necessity of long training; it is the possession of certain general qualities of character and intelligence. They must be capable of accepting responsibility and fulfilling it exactly. It is not an occupation which is carried out under the eye of a foreman. They work, in large measure, beyond any but the most general controls. If they do their work well it is because they are responsible men who are governed by a sense of honour and esprit de corps. If they wished to sabotage operations they could do so with the greatest of ease and in such fashion as would make it impossible to impose any discipline upon them. They stand therefore in a position of unique power, and it is one of the major tasks of management to evoke their co-operation because, by the very nature of their work, it cannot be compelled. The results of these unusual conditions are embodied in the methods of wage payment and in the working agreements governing the application of their labour.

Payment for work done is made upon the so-called dual basis of time or mileage. It amounts to working upon a piece rate of pay with a high guaranteed day rate. The basic equation is that 100 miles in freight service or in passenger engine service and 150 miles in passenger train service equals one day's work. If additional mileage is run inside the normal day, it calls for additional payment on a pro rata basis. That is, one hundred and fifty miles in freight service inside eight hours would call for a minimum of one and one-half days' pay. If

*The joint committee of the railways reported to the Duff Commission a loss of about $24,000,000 in freight revenue in the year 1930. This was equal to about 7.4 per cent. of the rail freight earnings of the year and to only 5.8 per cent. of the rail freight earnings of 1928.

120180



the duty for which the man was called is completed with less than one hundred miles' run, it still calls for a full day's pay, while any time put in over the normal day is paid for at time-and-a-half unless payment upon a mileage basis would produce a still greater amount. In addition, certain employees in assigned service operating regularly scheduled trains enjoy guarantees of a minimum monthly pay.

This system of incentive wage payment was introduced in the Middle Western United States in the late 1880's by railway management and spread very rapidly. I have no reason to believe that it was not eminently fair and wholly satisfactory at the time of its introduction. Train speeds and railway signalling being what they then were, it probably was a right and proper basis of wage payment. But though railway operations have improved out of all recognition in the last fifty years, the unions have continuously and, so far, successfully, resisted any alteration in that totally obsolete arrangement. Among the results of that refusal to change the basic equation as railway operating conditions and general economic conditions changed, the following may be noted:—

(1) It makes the wages cost per train mile absolutely inflexible. Its influence is toward encouraging the railway management to increase the size of trains, and therefore to reduce the volume of employment offered.
(2) As train speeds increase it makes it necessary either to give the senior employees who take the fast runs the opportunity to make inordinately large earnings, or else to give them rather startling amounts of leisure time by limiting the maximum monthly mileages which they may run.
(3) It has encouraged an attempt to define each job as narrowly as possible and then to exact additional payments for any service rendered which is outside the very limited range of duties as so defined.

In various scattered sources there is a great deal of information about these employees. Their numbers, equated time paid for and wages earned are all reported, by classes, in the Statistics of Steam Railways of Canada. Their disputes concerning rates of pay have frequently led to the appointment of Boards of Conciliation and Investigation under the Industrial Disputes Investigation Act, and the reports are all published in the Labour Gazette. The railways print the agreements covering wages and working conditions with each separate class of employees. Finally, the Labour Gazette has published all the reports of the decisions of the Canadian Railway Board of Adjustment No. 1 which is the final court of appeal for the interpretation of these agreements. It is proposed here to piece together the information contained in these various sources in order to document fully the conclusions outlined above.

The Canadian Railway Board of Adjustment No. 1, which has just been mentioned, needs a word of explanation. It is a body formed in 1918 to ensure a uniform application in Canada of the orders of the Director-General of Railroads of the United States covering wages and working conditions. It was found so useful that it was continued in existence after the war as a final court of appeal on the interpretation of these agreements. It has had over twenty years of unbroken existence. It is composed of six representatives of the railway unions* and six officers appointed by the railway companies. While provision is made for breaking a deadlock if one should occur it has never had to be evoked.

Its procedure is strictly that of a court of appeal. When a dispute arises, it is carried through the normal channels of adjustment inside the individual railroad system. Not until it has been carried to the head of the system without

*The Brotherhood of Locomotive Engineers, The Brotherhood of Locomotive Firemen and Enginemen, the Order of Railway Conductors, the Brotherhood of Railroad Trainmen, the Order of Railway Telegraphers and the Brotherhood of Maintenance of Way Employees.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120181



settlement is there any right of appeal to this Board. When such appeal is made, it is made on the basis of an agreed statement of fact subscribed to by the union affected and by the railway company. It is therefore proper to state that the cases which come before the Board embody important questions of principle. They have passed up the line to the most senior officers of the unions and of the railways respectively. Anything of minor importance is sifted out. These cases represent points of principle to which the unions affected are deeply committed.

I turn here to the proof of these three points. No special proof is necessary for the first proposition. It is obvious that if each member of the train crew is paid for each mile run there is no way in which wages cost per train mile can be reduced except by cancelling the train altogether. The cost per mile can be increased by keeping the men on duty until overtime is paid, but it cannot be reduced. Therefore the only remaining course open to management is to increase the size of the train and so reduce the wages cost per revenue ton mile.

There are two qualifications to that statement. Firstly, after a train passes a certain size an additional brakeman must be employed, so reducing to some extent the economy of increasing train size. Secondly, if a special agreement is made beforehand with the unions affected, short motor trains may be run with less than the normal full crew.

The second point is one which requires rather fuller mention. The mileage rate of pay is set with the normal run in mind; but there are an increasing number of runs on which very high speeds are made. It is true that the strain of operation may be greater but it is highly questionable that it rises in step with the speed of the train. Certainly the desirable runs seem to be those which permit a man to go out to the distant terminal and then to return within the one working day. At the last Board of Conciliation and Investigation, the railways, in their *Introductory Statement*, brought up a case which should be quoted in full.

> In main line service enginemen run only between divisional points. To take another case for illustration. Engineers running in through passenger service between Montreal and Brockville in approximately three hours would earn their day's pay of 126 actual miles run, and in addition would receive payments for preparatory time, initial terminal service and final terminal delay, representing a total time of approximately five hours, or 180 miles, which would be $2.07 per hour for the five hours worked. On many such runs engineers make the round trip in the same day and so for one calendar day representing on the basis of the case mentioned ten hours actual working time receive for the calendar day pay for two basic days amounting to a total of $20.70. Under the application of temporary mileage limitation regulations adopted at the request of the Employees engineers in this service earn approximately $269 for working ten hours per day on only thirteen calendar days per month. It is not claimed that this is an average condition. The example, however, indicates what the present high rates of pay do produce in compensation under the conditions actually existing in such service as that mentioned.

The question before that Board was whether the 10 per cent. reduction in the basic rate of pay which was then in effect should be cancelled. The agreement which ended the dispute conceded the men's contention. That is, the effective rate of pay was increased by 11 per cent., lifting the earnings of this employee to $23 for each calendar day of service rendered. Even with the reduced mileage then in effect that gives monthly earnings of $299. Since that time, most of those temporary limitations have been lifted* with a corresponding increase in

*Cf. Case No. 469, Labour Gazette, XXXVIII (November, 1938), pp. 1215-16. In this case it was shown that in one case the mileage of engineers was increased from 4,160 to 5,200 miles per month; in another, from 4,200 to 5,397 miles in assigned service. On the facts cited above, $299 per month is the current earnings for approximately 4,680 equivalent miles, and only 3,276 actual road miles. If the present mileage be assumed to be 5,397 miles, then monthly earnings would rise to $345 per month for 15 calendar days of work.

120182



the earnings of those senior employees who are able to get the increased mileage.

It is not argued that this is an average case, but it does show what is to an increasing degree possible. In this case, the fastest trains are scheduled to make the run in two hours and twenty minutes in each direction, leaving at three p.m., returning to Montreal at 10.30 p.m., with a rest period of better than two hours and a half at Brockville. It is suggested that $23 is hardly to be described as niggardly remuneration for that service.

There is no data published in Canada which make it possible to show how general such a situation is. With rising speeds for both freight and passenger trains, it must be becoming increasingly so, but the Canadian wage statistics give no indication of it. They show the equated hours paid for, not the hours actually worked. It is therefore necessary to turn to the United States for statistics which indicate the discrepancies between the hours worked and the hours paid for. *The Wage Statistics—Class I Steam Railways in the United States*, published by the Bureau of Statistics of the Interstate Commerce Commission, have been analysed by Mr. Bertrand Fox in the March, 1935, issue of the Harvard *Review of Economic Statistics*, who has shown that continuously from 1921 to 1932 there was a growing disparity between time paid for and time actually worked. The situation at 1937 is embodied in the following table:

TABLE 2

Compensation Paid to Road Train and Engine Service Employees in 1937 as a Percentage of the Total Paid to Each Class — Class I Steam Railways of the United States

| Nature of payment | Class of Service: Road passenger % | Road freight (through freight) % | Road freight (local and way freight) % |
|---|---|---|---|
| Straight time actually worked | 61.98 | 64.75 | 73.41 |
| Straight time paid for but not worked | 32.50 | 25.28 | 7.29 |
| Total straight time paid for | 94.48 | 90.03 | 80.70 |
| Overtime paid for | 2.87 | 5.35 | 17.11 |
| Constructive allowances | 2.65 | 4.62 | 2.19 |

It will be seen from this table that even in the local and way freight service the compensation for straight time actually worked does not amount to 75 per cent. of the total compensation received. Whether the Canadian situation is so extreme as that cannot be determined from the existing records, but it is clear beyond the shadow of a doubt that the tendencies in the two countries are the same. If we are not yet at that state, we are rapidly approaching it.

The third tendency which was stated to be present was one to define the assignment narrowly and then to extract additional payments for any additional service rendered. The theory upon which it proceeds is that the management having accepted the basic mileage as a full day's work can properly be required to pay additional compensation if it requires anything to be done or left undone which would increase the time in which the basic day's service may be rendered. Closely allied to this, are two other forms of payment. Punitive rates of pay are set upon certain services not as a means of increasing the pay, but as a penalty rate so severe that the service will not be required. The other type represents an effort to "make work." The penalty rates are designed to encourage the management to call additional crews into service even though the work could be done by those crews already in service. The cases to which refer-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120183



ence will now be made will be predominantly, but not wholly, of the first type. The first example to which I wish to refer is Canadian Railway Board of Adjustment, Case No. 413. The facts were that the engines used on two trains operated into Huntsville, Ontario, were too long to be turned on the turntable there. Their crews were therefore ordered to proceed light to Scotia Junction, a distance of 15 miles and turn on the wye there. For that service they were offered payment upon a mileage basis. The offer was refused and a claim made for an additional minimum day's pay on the ground that their initial assignment had been completed and that the additional work called for the beginning of a new day, for pay purposes. There is no suggestion in the report that the entire service was not completed within the normal hours of work, but the employees' claim was sustained by the Board. Interesting as showing the extent to which the unions go in attempting to use a narrow interpretation of the rules as a means of extracting extra pay is Case No. 400. A passenger train was delayed for an hour and fifty minutes about four miles out of Saskatoon by the derailment of one of the cars. The conductors and trainmen claimed payment under the terminal detention rules, which would have resulted in additional payment solely because the derailment occurred within the yard limits as defined for the freight service. The claim of the employees was not sustained.

I bring that case up as an example of the attitude of a sea lawyer who is working strictly inside the rule and not in any sense with what is equitable.

Case No. 304 is rather less pleasant in its implications. A conductor and crew booked rest immediately upon arrival at their terminal after a run of 9 hours and 45 minutes, although their train contained livestock and there was no switch engine at the terminal. The appearance therefore was one of conduct which bordered upon sabotage. The men were disciplined and their appeal from that discipline was carried up to the Board. "They stated that their action in booking rest was justified by Rule 27 of the conductors' and Rule 32 of the trainmen's schedule which provide that conductors or trainmen on arrival at terminals are not to be called for immediate duty if they want rest, and that they are to be judges of their own condition." Their claim was not sustained, but the fact that the union was ready to press their claim in such a case is itself significant.

Perhaps the best example of all the "make pay" cases is No. 421. An engineer and fireman had been called for a "turn around" trip between Moncton and Springhill Junction. As a result of a breakdown on the line they were required to take a relief engine out to the train which was being held up and after that were ordered on to Halifax where they were relieved. The railway company tendered pay for 110 miles, of which 100 miles was for road service and 10 miles for the initial and final terminal arbitraries. This would suggest that the service was completed within eight hours and certainly, at the outside, in less than nine. The men applied for a total of 458 miles, which equals over 4½ basic days' pay. Their claim was sustained by the Board.*

Among the "make work" cases, No. 163 is distinctly interesting. The company had a self-propelled steam crane upon the main line. It was placed in charge of a conductor. The employees contended that it should be classified as a

*The rules under which the decision was made, No. 40F on the Engineers' Schedule, No. 40G on the Firemen's Schedule, read as follows: "Men assigned to regular runs will be entitled to any engine placed on the run; except in case of engine failure when they will follow their engine to terminal." **Rates of Pay and Rules Governing Service of Locomotive Engineers, Canadian National Railways, Steam Lines East of Armstrong, etc.**, effective September 1, 1929. It is difficult for an outsider, even when he has knowledge of the rule, to understand how it can have been made to justify so large a payment.

120184



work train. Therefore, as a work train it should, according to the schedules of both the conductors and the trainmen, have, not only a conductor, but two brakemen as well. The company claimed that it was not a train, that any section foreman who had passed the required tests on the operating rules could be used with perfect safety. It had been given to the trainmen for one reason only, namely that there were a number of spare conductors available and the superintendent preferred to give it to the senior available man. No attempt to justify any need for two additional trainmen appears in the record, but the Board upheld the claim of the employees.

Of the same general order is the provision that "regular way-freight trains will not be double-headed except (1) where there is but one freight train each way daily, and (2) in cases of storms in which event the tonnage will not exceed the rating of the largest engine attached."

The result is, of course, to increase the number of trains and therefore the number of conductors and trainmen employed.

If a yard crew is used beyond yard limits it is paid at road rates for the road work done with a minimum of one hour for such service and is also paid for the yard work which it was thereby unable to do. Similar rules are made against the use of a road crew within yard limits. The effort there seems to be toward its total prohibition rather than toward the exaction of extra payment for it. The governing rule seems to be in the trainmen's schedule and reads as follows: "Switching transfer, and industrial work, wholly within the recognized switching limits will, at points where yardmen are employed, be considered as service to which yardmen are entitled but this is not intended to prevent trainmen from performing switching incidental to their own train or assignment." That ruling was applied in Case No. 423 to prohibit the road crew from doing any such work at Allandale. The yard at that point is not big and it is permissible to surmise that enforcement may have resulted in the use of an additional yard crew with its attendant increase in expense.

It is further provided that in "turn-around" service, the maximum run in any single trip shall not exceed 80 miles in passenger service, or 25 miles in all other services. The result is that it is very hard to offer service on many branch lines without paying at least two full days' pay for every calendar day of service. An example of the operation of this rule is given by Case No. 464. The date is 1937. On the Pine Falls branch of the Canadian National a mixed train leaves Pine Falls daily, except Sunday, at 8 a.m., and arrives at Winnipeg, a distance of 70 miles, at 11.20 a.m. This is an assigned service and no further duties are required of the crew until they report for the return trip which leaves Winnipeg at 5 p.m., arriving at 8.20 p.m. It is therefore a long working day, but with a very considerable block of free time in the middle of it. The conditions, otherwise, are not arduous. This is one of the lines which is shown by the Report of the Royal Commission to Inquire into Railways and Transportation (1931-32) to be of a very light density. The company tendered payment on the basis of "actual miles between Pine Falls and Winnipeg Terminal with terminal time consumed at Pine Falls in either direction and actual working time in Winnipeg Terminal." That basis produced a payment of 204½ miles per day, or more than two basic days' pay per calendar day worked. The employees, however, claimed that they should be paid on either one of two bases:—

(a) the minimum day of 100 miles for each trip plus time working or delayed at each terminal, or
(b) on the basis of actual miles between Pine Falls and Winnipeg in each direction plus terminal time at Pine Falls, plus all the time at Winnipeg.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 20185



The contention of the employees was sustained by the Board. The record does not show how much that would amount to. Subject to correction, it is suggested that it is somewhere in the neighbourhood of 250 miles or 2½ days' pay.

Mention should also be made of the rules for the classification of trains. Way freight service is compensated at higher rates than through freight and rules of an almost unbelievable complication are provided for determining the exact combination of stops and/or switches which may be made before the way freight rates apply. Similarly, when a freight car is added to a passenger train the pay of the train crew is put upon a through freight basis, not upon a passenger train basis. The result is to increase the rate of pay per mile for conductors from 4.72 to 6.25 cents per mile or by 32.4 per cent., and of trainmen from 3.18 to 4.91 cents or by 54.4 per cent. Correspondingly, the Engineers' schedule reads: "Road engineers performing more than one class of road service in a day or trip will, except as otherwise provided in Article 32 (a), be paid for the entire service at the highest rate applicable to any class of service performed with a minimum of 100 miles for the combined service. The overtime basis for the rate paid will apply for the entire trip."

Nothing has been said above concerning the so-called arbitraries or constructive allowances. These are payments for work which once was and is no longer required and are in addition to the payments for the mileage run. For example — engineers and firemen are paid 30 minutes initial preparatory time and an additional 30 minutes as final inspection time. These are purely arbitrary allowances which were adopted originally as a means of increasing the effective pay without changing the nominal mileage rates. Upon the average, they increase the earnings of the employees in these classes by some 11 per cent. over what they would be on the time or mileage basis. Comparison of that figure with the one for these payments shown in table 2 above will show that these arbitrary payments in Canada are well over twice those paid on American roads.

The assignment of work within this field is strictly upon a seniority basis. The men with the longest service record take the assigned runs, those junior to them work on a first-in, first-out basis but with provision to increase (or diminish) the number eligible to be called as the average mileage exceeds or falls below established maxima (or minima). During the seasonal lulls in traffic, there are therefore men who are totally without work. It is a system which is imposed by the men themselves. So far as can be seen from the available information, the position of the railway companies is that they are ready to assist in the enforcement of any such regulation provided it does not directly increase their costs. Such a system of distribution of opportunity to work cannot be condemned so long as depressions are short and the basic trend of the industry is toward expansion; but if either of those fails, the burden falls entirely upon the junior man. Since 1926 the trend of employment has been markedly downward. At 1937 the average number in employment in these classes was only 77.2 per cent. of the number at 1926. As a means of easing the burden, the senior men did for a time make reductions in their maximum mileage so as to distribute the work more widely,* but those reductions have since been cancelled. The possibility of a conflict of interest between the senior and junior employees should, therefore, not be overlooked. As things now stand, those who are out of employment altogether are totally unrepresented in the matter. The decision is made by those in

*That movement gave employment to men who might otherwise have been without it, but it did nothing to reduce the cost to the railroad. Therefore, in so far as high direct wages costs were a reason for a reduction in train mileage, this was no solution at all.

I 20186



employment and therefore capable of retaining their voting power. It is a situation in which the senior men might, if they consulted their own personal interest only, arrive at decisions which would be not only against the national interest, but against the interest of the whole body of train and engine service employees. It is suggested that certain features of the present situation are consistent with the situation to be expected if that were the case.

There is one further aspect of this matter which is deserving of special attention. The railway lines of this country are not of equal value. The only survey of them which is available to those not in railway employment is that reported at pages 32-38 of the *Report of the Royal Commission to Inquire into Railways and Transportation in Canada* (1931-32). It is there shown that at about 1930, some 9.6 per cent. of all the line mileage was of relatively heavy density, having 2,750,000 net ton miles or more of traffic each year per mile of line; about 48.5 per cent. was of medium density having from 250,000 to 2,750,000; and 42 per cent. were light traffic lines with less than 250,000 net ton miles per mile of line per annum. Railways are magnificently effective as carriers of heavy tonnages over the longer distances and it is probable that the lines of the first class could support a wage structure even higher than that now in effect. Train service is more frequent and therefore it is possible to avoid some of the excess payments. The net result is to give pay out of all relation to the earnings on equivalent skill and responsibility in other occupations and to give unusual amounts of leisure time as well. But that is supportable, as I say, on account of the unusual earnings on those lines with heavy traffic. But as we come down the scale in density these payments to labour become more difficult to bear and in relation to the third class it forms a crushing burden. It is quite possible that those lines with the least density, which have negative earnings, at best, or no earnings at all, may be paying the highest rate per month to those who are on them, because only one train moves per day; that the tendency is to have the rate of payment vary inversely with productivity.

From the national standpoint the present position is anomalous in the extreme. These light-traffic branches are in place. The capital in them is sunk. If the railways can earn enough to keep those properties in repair, they will continue to operate them as feeders to the main lines even though they are unable to earn anything directly from their operation. But because the traffic is thin and the costs of train operation so high, service is reduced, so discouraging what traffic remains and directly encouraging the building of highways and the movement of freight over them. Under the very best of circumstances, the continued existence of the 42 per cent. of all mileage which lacks tonnage is open to question. When such lines are deliberately weighed down by extremely restrictive rules which combine to reduce the value of the service given and to increase the cost of it, their position becomes hopeless. It need hardly be added that this is a problem of very deep concern to the employees as well as to the nation at large.

The discussion above has not been at all exhaustive, but it is taken as providing adequate proof that these agreements are obsolete in their construction, capricious in their action, and unbearably restrictive in their effect upon the service rendered. That statement is not in any way dependent on the distress of the railways since 1928. This situation has been developing progressively for a great number of years. Nor is it dependent on the rise of motor competition over the last two decades. Motor competition and the decline in the volume

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120187



of traffic for other reasons have together precipitated the problem. They make it necessary to meet it now because it cannot be put off any longer; but it existed before they became important.

Historically, the problem can be condensed into the following statement — that in the years of their development the railways had a practically complete monopoly of land transport and that their net returns were then distinctly generous. Believing that those excess returns were permanent, the management were willing to share part of them with their employees. Those in train and engine service, because of their unique bargaining power, were able to appropriate a much larger share of that excess than their numbers would justify. The events of the last twenty years have stripped the railways of most of their monopoly power and profits but, up to the present time, these employees have been able to force other claimants upon the industry and the general public to bear all the burdens and have themselves gone scot-free. The arguments which they have advanced before successive boards of conciliation show that they consider that they have a perpetual right to the wages and conditions given them during the railways' hey-day.

Positively it is not proposed that anything be done drastically or without full discussion. Nor is there any reason why these employees should not continue to be unusually secure in their employment and to be generously compensated; what is asked is not a total overturning of their present position, but a surrender of those parts of it which the uncontrollable forces of change are rendering daily more vulnerable. These employees were relatively stationary in numbers over the years 1912-1928 and have been declining since then. As a result there is a very heavy concentration in the upper age-classes. Very substantial changes could be introduced over the next five years without any serious disturbance to the established expectations of those now in employment.

Blank Page

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120188

# The Canadian Railway Problem

Discussion of the Present Railway Situation
from the Point of View of
Western Agriculture

SUBMISSION OF
CHARLES W. PETERSON
Editor, The Farm and Ranch Review, Calgary, Alta.,
TO THE
SPECIAL COMMITTEE OF THE SENATE, MARCH 29, 1939.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120189

*This pamphlet is published by the Citizens' Group for Railway Action as a contribution to discussion of the Canadian Railway Problem and not necessarily as an endorsation of the opinions expressed by the author.*

**611 Temple Building,**
**Toronto, 2, Ont.,**
**April 5, 1939.**

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120190

# Western Agriculture and the Railway Situation

The Honourable
The Chairman
Special Senate Committee
Ottawa

Mr. Chairman:—

May I at the outset be permitted to place on record my conviction, that the people of Canada have in the past been exceedingly well served by their railways. The passenger equipment is the last word in luxury and services and rates compare favourably with those in other countries. In respect to freight transportation Canada can boast of the lowest rate basis of any white country in the world. Only India, China and Japan, with their low labour cost, are a mere trifle below Canadian rates. The average ton-mile receipts of Canadian railways in cents is 0.969. United States rates are a shade higher. The following are the bases of other countries: Australia 2.733, Great Britain 3.058, France 4.010, Sweden 4.057 and Denmark 6.456. The European rate basis is from three to over six and a half times as high as it is in Canada.

And that tells only part of the story. Canadian railways function under the very severe handicap of having to operate the largest per capita mileage of any country in the world, except Australia, normally meaning the smallest volume of traffic per mile. Furthermore, the personnel cost of railway operation in North America is enormously higher than it is in Europe. It is clear that the amazingly favourable result in economical operation attained in Canada, which claims the admiration of railway executives everywhere, must be ascribed almost solely to a high degree of general efficiency and superior executive direction.

It may be argued that the taxpayers and shareholders have in recent years contributed liberally towards the low freight rate structure, but the fact remains that under traffic conditions prevailing some years ago, the privately owned railway was able over a long period consistently to earn a fair dividend for its shareholders, attesting to the soundness of the enterprise. The National system, of course, has not been so fortunate, but considering the handicaps incidental to political management, it has in recent years made commendable progress towards economical operation. We should also bear in mind that unprofitable railway operation is not peculiar to Canada. The privately owned railways of the United States are, with only two or three exceptions, now in receivership or facing bankruptcy. Australia and Denmark,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120191



in spite of high rates, have for many years faced enormous losses upon their state railways.

At any rate, it is abundantly evident that the character of our railway operation in Canada, apart from unwise expansion, has been wholly admirable. I particularly desire to stress this fact, because I regard it as the most discouraging feature of our present grave railway situation. If the cause of this were merely inefficient management, the solution would be comparatively simple. But having regard to the facts, it is obvious that our railway problem has its roots in fundamental impediments of a much more perpexing character.

**Highway and Air Competition.**

The most serious of these is new competition. The past decade has witnessed spectacular progress in efficient highway and air traffic, which has revolutioned the whole transportation picture the world over. Every country now has its railway conundrum in more or less aggravated form. The extent to which this competition may ultimately undermine the solvency of steam railways is at present of unknown quantity. It depends entirely on the further development of increased mechanical efficiency and the extension of highways. We do know, however, that this new competition has now succeeded in practically destroying steam railway investment in most countries. More live stock is now delivered by truck than by rail to the leading markets in the United States. Over a million trucks use the highways of that country and Canada today. It is a paramount factor in our railway problem, which cannot be ignored in any intelligent consideration of the future of Canada's transportation services.

I quote the following item from a British periodical:

> "Alarmed at the fall in their receipts during the present year, the railway companies have approached the government for help. . . . In passenger services, the railway companies have largely met the challenge by acquiring a controlling interest in road transport undertakings. But in the goods services this cannot be done to the same extent, as about four-fifths of all transport of goods by road takes place in vehicles owned by traders, or their subsidiaries, and not in independent cartage undertakings. The private road contractor, with freedom to pick his services and adjust his charges without legal restriction, continues to make serious inroads into the more profitable forms of goods transport."

It is competently estimated that British railways to-day do not control more than ten per cent. of the total public and private trucking over distances of 50 miles.

The most reliable and conclusive evidence of the complete collapse of the steam-transportation industry may be found in the record of

120192



Canadian Pacific shares. This stock, for many years a steady dividend payer and regarded as the safest of investments, and quoted on exchanges everywhere, a few years ago reached a high of $280. Split into four these shares are to-day quoted at $5! This almost unbelievable retrogression is a reflection of the consensus of judgment of shrewd investors the world over. This calamity has occurred in spite of admittedly excellent management, the enjoyment of abundant capital resources and every facility for economical financing. The inevitable conclusion is that the investor has lost faith in the ability of steam transportation to give any reasonable return on capital in the future. I regard this, by the way, as one of the most disturbing consequences of our railway situation. In British investment circles Canadian Pacific securities have for many years been regarded as the barometer of Canada's credit standing. Overseas public confidence in our country is now being rapidly undermined. We assuredly cannot afford to run the risk of a second Grand Trunk debacle.

It is absolutely incorrect to ascribe the decline in Canadian railway earnings to a mere temporary curtailment of traffic due to general economic dislocation. In Canada, as elsewhere, we face a basic and progressive mechanical change of crisis proportions, which it is utterly absurd to ignore. Any plan to place our railway transportation system on a solvent basis must anticipate a permanent and increasing per capita curtailment of passenger and profitable, short-haul freight traffic. The problem which now faces the world of rail transportation is not of a temporary character. The crucial question is whether, in view of the steady curtailment of traffic, steam railways can survive even after utilizing every possible economy in operating cost.

**The West and Transportation.**

The colonization of Western Canada was proceeded with on a basis of low transportation costs. Owing to its inland position and remoteness from tidewater, it goes without saying that the development of this great agricultural empire would have been impossible under any other conditions. A low freight basis, inward and outward, constitutes Canada's contract with the western settler, who is compelled to produce almost solely for a highly competitive, low price market and must himself absorb the entire transport and handling costs. Argentina, Canada's chief competitor in the wheat market, enjoys a freight rate to tidewater equivalent this year to only 5½ per cent of the value of the wheat. Western Canada's cost to the lake-head amounts to at least 25 per cent. The railway situation as it has developed during the past decade is, therefore, a matter of profound

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120193



interest to western farmers and has naturally given rise to serious apprehension, not solely confined to the implications of the vast burden of taxation now involved.

The organization of the Railway Commission, with absolute control over rates and services, was hailed with universal satisfaction as a protective measure to the shipper, but the apathy of successive governments of Canada towards the grave situation which has developed in the operation of our two great railway systems, has naturally drawn public attention to the inescapable conclusion, that public control of railway earnings inevitably implies an equal responsibility to the shareholders and bondholders of railways in respect to the safety of their investment, over which the Railway Commission, a semi-judicial body, exercises power of life and death. That this aspect of railway investment must sooner or later engage the attention of that body cannot be doubted.

The transparent unwillingness of successive governments to incur the political risks incidental to dealing constructively with what is unquestionably the greatest problem facing our country to-day has naturally led western farmers into the firm conviction, that the remedy which must eventually be applied will assuredly also follow the lines of least resistance, namely, an increase of freight rates. This conviction is materially strengthened in view of the public statement in Toronto by the Minister of Railways to the effect that the solution of the problem lies in "building up traffic and obtaining reasonable rates for that traffic". The sinister implication is only too clear, and it becomes evident that the apprehension of western farmers is well founded.

I have no hesitation in making the positive statement, that an increase in freight rates sufficient to enable Canadian railways to maintain services and solvency, would constitute an unmitigated calamity to the now over-burdened prairie farmer. It would assuredly result in the depopulation of the western prairie section with calamitous results to eastern industry and business. It is an alleged remedy which a responsible government, conscious of the dire consequences, would not even consider for a moment until every other possible avenue of successfully solving the railway problem had been thoroughly explored and tried out. The present situation and future prospects are so serious that Canada cannot afford to reject any practical method whatever of bringing railway operating costs into line with earnings.

**Business Rehabilitation.**

Various plans designed to increase railway earnings or to reduce expenses, in order to avoid the imposition of higher rates, have from time to time been placed before the public. One school urges immediate

120194



unification of operations coupled with an economy programme. Another, which apparently includes the government of the day and the Federal leader of the official opposition, seems to be convinced that the problem is not one of particular urgency and may safely be expected to solve itself through increased traffic due to increased population and the eventual return of "normal" business activity, coupled with such economies as may be brought about by friendly co-operation between the two systems.

The latter argument was effectively disposed of by the President of the Canadian Pacific, who very logically pointed out that in principle and practice co-operation and competition were incompatible. Sensible people will agree with that verdict. Furthermore, the present proposal presumably agreed upon by both the government and its railway management, to spend some $12,000,000 on the new Montreal terminal of the Canadian National, ignoring the more economical scheme of a union terminal, is clearly a deliberate violation of the whole principle of friendly co-operation and definitely stamps this plausible appeal for cohesive effort as insincere. It bears rather all the ear-marks of an attempt to block completely a rational solution of our railway problem. The proponents of the *laissez faire* approach to the problem apparently are not particularly concerned about the probability of having in the interval to compel the taxpayers of Canada to make good another half billion dollars of deficits.

What the anti-unification forces are pleased to regard as "normal" business, is, I assume, a return of the boom conditions of 1928, though we would need to do considerably better than that, as the National lines showed a deficit of about $30,000,000 on even that highly favourable year's operations. These optimists conveniently ignore the fact that air line, motor bus and motor truck transport are daily making further serious inroads upon steam railway traffic. It is a highly significant fact, that while our exports up to July 1937 had increased 103 per cent over the low of depression, manufacturing volume 125 per cent, electric power production 233 per cent, newsprint 310 per cent and mineral output 305 per cent, car loadings only improved by 43 per cent.

**Agricultural Deflation.**

The economic picture is, of course, never static, but it is always normal in the sense that it is the creation of prevailing conditions, to which, whether they be good, bad or indifferent, the citizen ultimately adjusts himself and carries on more or less satisfactorily. That factor frequently creates the illusion of better times just "around the corner". It is, however, quite safe to assume that an improvement in Canadian

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120195



business of sufficiently substantial proportions to lift railway traffic into a profitable volume, cannot occur as long as export agriculture must function under a demoralized price level. The gold price of wheat in Liverpool is now the lowest in centuries, and the enormous world carry-over of unsalable wheat precludes every chance of relief within the near future.

In fact, leading economists the world over see no possibility of an early and favourable change in the various important factors which have produced the prevailing low agricultural world prices. If that conclusion is correct—and I firmly believe it is—it behooves all countries largely dependent on agricultural production, to face stern realities and to adjust their internal affairs to the new economic set-up, which may easily govern our business life for a generation or longer. Needless to add, spectacular transportation expansion could not possibly become a feature of an economic era in Canada dominated by a persistent agricultural price deflation. Canada can, however, adjust herself quite comfortably and happily to the present depressed business basis and limited export opportunities, granting that all groups in our domestic economy are prepared to accept proportionate sacrifices. Our agriculture has set the example. The first essential is to realize clearly the difference between 1929 and 1939.

Consider also the steady deterioration in the Federal, provincial and municipal budget positions; the disastrous effect of the large sales taxes upon consumer purchasing power, raising the retail price level by 10 to 14 per cent, which has almost completely cancelled out the beneficial fall in wholesale prices; the progressive demoralization of world trade; the steadily increasing taxation almost everywhere, due to vast and unproductive armament expenditure as well as various other adverse factors; and having in mind that nowhere on the economic horizon is there the remotest indication of any early reversal of the present drift into rigidly controlled international trade, it is difficult indeed to find realistic grounds for an optimistic forecast in respect to business conditions in Canada, leading to substantially increased traffic. It would be more rational and more in harmony with economic thought to look for a worthwhile up-turn in Canadian business *after* we have cleaned house with our railways than *before*. If $50,000,000 was deducted from our annual Federal deficit there would be a substantial basis for improvement.

The safe plan for Canada to follow in any consideration of constructive policies, is undoubtedly to accept the *status quo* as approximately normal for some years to come. To anticipate early and largely increased business activity and to base domestic railway policies on the strength of such a supposition, is equivalent to ignoring stern facts

120196



and indulging in "wishful thinking". The Canadian people, particularly those following agriculture, have every reason to congratulate themselves upon the heroic manner in which they have contrived to surmount a long period of adverse conditions. They will do so equally successfully in the future, providing our political leadership faces realities and removes such obvious and unnecessary burdens upon the Canadian taxpayer as are clearly involved in the present destructive railway situation.

**The Population Carrying Capacity.**

The plausible suggestion that the solution of our railway problem will presently be found in a large increase in Canada's population is worthy of careful study. I need not apologize for dealing with it at some length. The present railway set-up in Canada was admittedly based on a population approximately twice as great as the present. It was confidently predicted that such a point would easily be reached within a not distant future. That this prediction proved utterly erroneous is now common knowledge. It is also to be noted that, having regard to recent climatic idiosyncracies, our views on the population carrying capacity of Canada must necessarily undergo a very severe revision.

Furthermore, we are now in the midst of dealing constructively with the aftermath of the recent unprecedented period of destructive drouth. The difficult task of approximately defining the areas in the west definitely unfit for settlement and methods of preventing the colonization of such lands, so as not to create new problems in the future, are only in process of study and solution at the present time. Important property interests and profuse public expenditures are involved in these decisions. It is also well to bear in mind that the highly perplexing undertaking of evacuating an impressive number of farmers from the drouth areas, and colonizing them in districts offering more favourable climatic conditions, has only been well started. Under the circumstances, it stands to reason that until these agricultural survey and re-settlement jobs are fairly completed, it would be unthinkable folly to complicate this involved situation by a further influx of new agricultural population.

The Minister of Agriculture of Saskatchewan recently expressed grave doubts as to whether his province could sustain any additional population. A recent soil survey of that province limits the area fairly fit for cereal production to 33 million acres. The cultivated area now exceeds 29 million acres. We are apparently close to the margin of safety in our agricultural occupation of that province. So great an authority as Dr. Raymond Pearl of Johns Hopkins University suggests

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120197



that the United States is now dangerously over-populated, having in view the rapid depletion of natural resources. While expressing no opinion on this subject, Canada's safety limit in population, considering our severe climatic and transportation handicaps and the maintenance of an acceptable standard of living for our people, is an element in the railway situation, the consideration of which has not, by any means, been exhausted and which cannot be ignored.

**Natural Increase in Population.**

Granting, however, that we can accommodate and must look to a substantial increase in population to solve our railway problem, there is little consolation to be found in the vital statistics of Canada. The drift here, as elsewhere, is distinctly towards a lower net rate of increase in population. If we are to depend on natural accretion the case seems hopeless, as it would not be difficult to show that within the not distant future, Canada's population will certainly be approaching a stagnant or possibly decreasing basis. Decidedly, the element of time holds out no hope whatever of creating additional traffic by virtue of natural increase in population. Quite the reverse.

The possibility of the increased population remedy, therefore, resolves itself into the prospect of augmenting our population by means of a substantial immigration. The question here arises as to whether a large agricultural immigration, inevitably followed by a corresponding increase in export food products, would not completely demoralize our present limited, overseas markets. It would, in fact, certainly have that immediate effect, of which the farmers of the West are quite convinced, and would, therefore, at present violently resist any attempt of solving the railway problem by a process which was bound to destroy their market and reduce the existing farm population to a still lower standard of living.

However, disregarding this weighty objection, I must still reluctantly confess that such an apparently easy solution of our problem looks to me almost as idle as anticipating this result through the process of natural increase. In the first place, the people of Canada, rightly or wrongly, are not immigration-minded and probably will not be for years to come. The best evidence of that fact is the record of our immigration administration, which presumably reflects the state of mass public opinion. If Canada to-day opened her doors wide to European people, the volume of arrivals would probably not show any substantial increase, aside from a momentary influx of political refugees. In spite of this fact, our policy has consistently been designed to hedge entrance into Canada around with every conceivable obstacle,

120198



to the extent that immigration has now been reduced to a mere trickle compared with what it was some years ago.

**The Leak by Emigration.**

Even that insignificant influx of people is now fairly absorbed by departures from Canada. There are now one million and a quarter Canadian-born people domiciled in the United States. It has been estimated that Canadians, and those of Canadian origin living in the United States to-day, represent a population one-third as large as Canada's total present population. During the past eight years we have lost to that country alone an average of 10,638 of our population per annum, according to official statistics in Washington. A large number of British and European settlers have also returned to their former homes. Canada, therefore, actually faces a net loss of people each year aside from our modest natural increase;—a highly disturbing fact discreetly ignored in our immigration reports. The persistent and ominous leak of population to our southern neighbor, which seems to proceed in spite of prohibitory legislation, and of the actual extent of which we can form no reliable estimate, is a highly important factor always to be reckoned with in our population problem.

Moreover, it is obvious that the present, and preceding governments are not, and have not been, prepared to endorse a vigorous immigration policy as being within the scope of practical politics. That official attitude at once disposes of the opportunity of solving the railway problem through the long-range remedy of a substantial immigration movement. It may, therefore, be dismissed without further argument, as it is evidently contrary to existing public policy. It may, of course, be argued that some time in the future the official attitude towards immigration may, in obedience to the force of public opinion, undergo a radical change. While I see no present indication of such a change, it may be useful to examine Canada's chances of attracting a large influx of people in the event of any such reversal of policy. Frankly, they appear very slim indeed.

**Immigration from Europe.**

The obsession which now fills the minds of most of our population, that it is an inestimable privilege to permit an immigrant to come to our shores and homestead or purchase a piece of land, will unquestionably be largely removed within the near future, when the realization will dawn upon us that our most urgent invitations to do so will be unheeded. We will learn, to our dismay, that the wholesale subdivision of landed estates in Europe is giving the farmer there better social

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I'20199



and economic opportunities, and much superior markets, than Canada can offer him in the uncertain field of highly competitive export production with the further handicap of expensive, long distance transportation.

Moreover, in the food importing countries—in the past the most fruitful sources of immigration—high tariffs and other import limitations have brought increased prosperity to domestic agriculture. Even if we modified our somewhat exacting specifications and freely accepted industrial immigration, we should encounter a distinct reluctance on their part to leave the economic security they now enjoy in Western Europe in terms of unemployment and sickness insurance, pensions of various sorts and a complete programme of other social services.

With the pressure of density of population relieved through the rapidly falling birth rate in Western Europe, it will assuredly be increasingly difficult to tempt prospective homeseekers to go far afield. This attitude is clearly demonstrated by the fact, that the movement of people into Great Britain and other European countries is now larger than departures, while most overseas countries, including not alone Canada, but also Australia, New Zealand and Argentina, show a net loss between arrivals and departures. These figures tell the tale eloquently.

**Passing of the Migration Era.**

We might as well become completely reconciled to the fact that the days of large-scale migration are over, certainly as far as the present generation is concerned, and in all likelihood for generations to come. After the fantastic increase in world inhabitants of the past century, when the population of the earth more than doubled in the brief space of 80 years—in sympathy with the opening up of three new continents for colonization, improved transportation and the development of power and mechanization—we are again back to normal, which, according to history, means a scarcely perceptible increase from century to century, with long periods of a receding world population. There is every reason to believe that we now find ourselves in one of the latter phases with all its implications.

All European countries, except Russia, are barely maintaining their population to-day and the tendency is still towards an ever-decreasing birth rate and a stagnant population. It is not unreasonable to anticipate that a period of the greatest rate of increase in world population may logically be followed by a century of actual decrease. The persistent world-wide war complex, economic depression and abnormal unemployment, are in themselves powerful factors in that direction.

I'20200



In brief, we have now entered an era in world evolution distinctly and progressively antagonistic to the voluntary migration of peoples. Coupled with this handicap is the dismal fact that there never was a time when this Dominion had less favourable prospects to offer the newcomer. Under the circumstances, thinking people must inevitably conclude that the proposal to solve the railway situation by a substantial and early increase in Canada's population is an impossibility for years to come, and must be dismissed as entirely visionary and evidently based on a complete lack of knowledge of the present day conditions surrounding this issue.

**Economies in Operation.**

Seeing no possible amelioration of Canada's railway problem in any prospective increase in traffic earnings due either to the early advent of a general and substantial expansion in business, or to a large increase in our population, it is useful to turn our attention to the possibility of solving the problem by instituting economies in operating expenditure. I am not competent to enter into the technical side of railway operation and shall, therefore, confine my remarks to the largest item in the operating budget.

It is highly significant that practically every plan of railway rationalization so far made public avoids any reference to the central cost factor, namely the wage item, which represents about 62 per cent of the total operating expenditure. Most of these plans, on the other hand, contain confident assurances that railway personnel need anticipate no interference with its economic status. It seems to be tacitly agreed that this subject is sacrosanct and that a government engaged in the railway business cannot afford even to discuss the labour question. In view of the fact, however, that this issue actually constitutes the central point in the whole railway controversy, it is necessary for me to deal with it at some length and with considerable frankness, particularly as no one else has, as far as I am aware, seen fit to do so.

In implementing any unification plan the taxpayers would quite properly expect that all undue hardship to employees should, as far as possible, be avoided. The theory, however, which seems to prevail in many quarters, that the main preoccupation of our railway system is to provide permanent and highly paid jobs, cannot be tolerated. Railway labor, which has always been the most highly paid and best treated trade in Canada, has no claim whatever to any more generous treatment than would be accorded employees in other lines of business affected by changes in organization.

Any displacement of railway labour, which might be the immediate effect of reorganization, is purely a disagreeable but necessary by-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120201



product. Any consideration of such extraneous factors should never be permitted to influence remedial action in a matter so deeply affecting the welfare of all the people of Canada. If, from motives of political expediency, special provision were to be made for displaced labour, the cost should certainly be assumed by the people of Canada and not by the employing railways, which are in no position financially, and under no moral obligation, to extend compassionate treatment to superfluous employees.

In spite of the fact that capital invested in our railway enterprises, aside from money borrowed, has long ago ceased to receive any returns whatever, it is apparently still assumed that railway labour has no responsibilities to its employers or to the public beyond performing its daily tasks. The clear implication seems to be that railway labour, secure in its powerful fighting organizations, admits no interest whatever in adequately protecting its own jobs. That duty is conveniently delegated to the taxpayers, shareholders and consumers of transportation. I venture to question the justice, certainly the wisdom, of this attitude. I can think of no other occupational group privileged to impose such arbitrary responsibilities upon the public.

**The Railway Wage Level.**

Taking railway wages in 1913 at 100, in 1901 they stood at 68.8 and in 1937 they reached 196.1. That shows an increase of nearly 200 per cent over 36 years. Farm product prices during the same period increased 14.9 per cent. Railway wages increased between 1913 and 1937 by 96.1 per cent while farm product prices fell 0.2 per cent, and the cost of living for a family increased only by less than $3.00 per week. During that period we cheerfully created the present enormous deficit on the operation of the National Lines and it apparently never occurred to anyone in authority that there was an obvious answer to that state of affairs. Canada has certainly treated her railway employees most generously, largely at the expense of agriculture, the heaviest user of railway transportation, and certainly at the direct expense of the taxpayer.

The economic formula under which modern society functions is very simple. Out of every dollar we pay over the counter, an average of about 85 cents is absorbed in the payment for human services. Normal employment is the result solely of normal consumption of goods and services. The volume of consumption is controlled by the purchasing power of the consumer, and this is determined by the fluctuation in the general price level, which is controlled absolutely by the wage level. Orthodox economy expects the law of supply and demand to maintain reasonable equilibrium between wages and prices, so as to keep purchasing power and employment normal at all times. When, however, we successfully contrived to impose arbitrary wage levels on our economy, the law of supply and demand at once became a dead issue and we thus created our unemployment problem, because while labour can enforce arbitrary wages, it cannot compel the consumer to provide employment by buying its product at artificial prices.

120202



The high wage theory is merely a transparent economic absurdity. Social justice to all occupational groups must be the guiding principle in the well-balanced community. This admits of neither high nor low wages, but demands wage levels based on justice only. Purchasing power must be fairly distributed amongst all classes according to their contributions to the common welfare. About half of our population lives in the countryside. The purchasing power of that group determines the prosperity of the nation. The farmer normally receives so small a share of the national income that his purchasing power is governed entirely by the level of urban prices. As long as these are unduly high, as they must be under our high wage level, he is out of luck.

More than one-quarter of the population derives its living from the wage pay-rolls. The purchasing power of this important group is also of grave concern. It must, nevertheless, be recognized that even so numerically important a class as the wage earners cannot receive an unduly large proportion of the income derived from production, without depriving the other three-quarters of purchasing power in terms of higher industrial prices. It is, by the way, well to bear in mind that the crisis of 1930 arose when the industrial wage level was at its highest peak. That did not save the situation. *There is, in fact, no economic salvation in high wages unless they are the result of higher individual efficiency.*

**Farm and Labour Incomes.**

Canada has stubbornly based her whole economy upon her supposed ablity to pay the world's highest urban wage level That is one of the confused theories we have imported from the United States, the fountain head of most of our economic wisdom. Almost the sole function of the protective tariff to-day is to guarantee and maintain this artificial wage structure. In a country where the living of one-half our population depends on agriculture, which must compete freely in its entire production with black, brown, yellow and white peasant and peon labour, such a generous urban wage policy is, to say the least, ambitious to the point of imbecility. It is a typical product of the single-track mind bereft of all sense of proportion. The average consumer can, of course, refuse to buy industrial products in normal volume, as he has been doing for several years, but when Canadian railways are

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120203



forced to impose an artificial wage level upon a utility such as transportation, which we are all compelled to patronize, a situation arises which western farmers will only submit to under the strongest protest.

I am not familiar with agricultural opinion in Eastern Canada, but would quote for your information the following extract from a recent editorial in "The Canadian Countryman", a leading farm periodical published in Toronto:—

> ". . . . One of the fundamental reasons why farm business and urban business as a whole cannot be carried on satisfactorily with our present general price level is that the rate of wages paid in our most important urban industries is too high compared with farm prices. Taking the year 1913 as 100, we find that the index number of the price of farm products in November this year was 101. The index number of the rate of wages paid in our major urban industries is approximately 191. As trade is very largely simply an exchange of goods and services between people who work in the city and those who work on the farm, it is not much wonder that there should be so much unemployment and suffering when a disparity of this kind exists. Considered in terms of purchasing power the situation is even worse. Taking 1913 again as our base year, we find that the index number of the purchasing power of the price of farm products in November was 79. The purchasing power of wage rates was 149. That is the purchasing power of wage rates is about double that of the purchasing power of the price of farm products. This is an intolerable situation. . . . ."

Thinking farmers throughout Canada are apparently of one opinion on this subject. One finds it difficult to reconcile the hour rate of earning of the western farmer, estimated at between 10 and 15 cents, with the comparatively princely wages paid at least in the upper grades of railway employment. No one can dispute that the competent farmer possesses a wide assortment of knowledge and skill much superior to the average run of railway labour He might with full justice demand a compensation for his year's labour equal to that of the railway employee.

The hazard to life in railway employment is strongly emphasized in wage conferences. That superstition is many years out of date. With modern safety devices it is doubtful whether the occupation of a train crew is nearly as dangerous as that of a taxi-driver on our crowded streets. There is, in fact, neither rhyme nor reason in the whole theory of present wage differentials. Half of Canada's wage-earners, backed by militant organizations, now collect 80 per cent of the national wage bill.

Existing hour rates of wages are constructed neither with reference to technical skill, duration of training period, hazard to life and health nor on any other rational premises. The unvarnished truth is, of course,

120204



that they are based almost entirely on the efficiency, cash resources and solidarity of each individual labour organization, and upon the vulnerability of public welfare in respect to the essential services the members of each such organization are responsible for maintaining and, therefore, have the power to demoralize through the medium of strike. Labour's ability to impose its will on the community depends exclusively on these factors.

The great international railway brotherhoods are admittedly the wealthiest and most powerful of all labour organizations, and have, therefore, been able to coerce their employers and the public into acquiescing in a wage scale which bears no reasonable relation to the earnings of other comparable occupational groups. Railway labour, not alone by its uncompromising attitude on wages, but by its notoriously wasteful cost- and job-increasing shop conditions, has now brought practically all North American roads to the point of bankruptcy. Western agriculture considers that a searching judicial inquiry into the justification of the railway wage scales is long overdue. Unless an effective check is applied, an increase in freight rates is inevitable.

**Foreign Control of Railway Labour.**

I might here observe that as a matter of public policy it is in the highest degree improper, if not actually dangerous, for the labour relations of the government railways to be dictated by organizations domiciled in, and under the sole jurisdiction of, a foreign country, able to exercise at all times the power to completely demoralize the transportation system of Canada and to bring strong pressure to bear on its Canadian members, as has obviously been done, to strike, with foreign financial support, for higher pay in the interest of uniformity of compensation on both sides of the line, irrespective of the varying economic conditions prevailing in each country.

It should be made absolutely clear to Canadian railway employees, that the wage level in the United States, which is now regarded as the standard for Canada, can have no sensible bearing on the Canadian wage level. It stands to reason that public policy in the United States influenced by party politics, might be at any moment—and actually is at the present time—actively directed towards general economic and wage standards, which might be quite antagonistic to the public policy and prevailing economic status of Canada. To perpetuate the existing state of affairs is tantamount to surrendering to the United States government—which has, from obvious political motives, recently intervened successfully to maintain the high wage rates of her own bankrupt railways—the final decision in Canada's railway problem.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120205



No other nation in the world would tolerate such a labour organization set-up for a moment, particularly where it involved an indispensable public utility. Canada's dull acquiescence in this preposterous situation is a sinister reflection upon our unwillingness to deal intelligently with labour issues and indicates the danger of Canada's position as an employer of an army of highly organized public servants able, not alone to impose their views through a threat to dislocate our whole transportation system, but also to inflict political retaliation when exorbitant demands have to be resisted. I cannot imagine a weaker or more vulnerable instrument for dealing with labour disputes of large dimensions than a democratic government.

**Wages and Freight Rates.**

One would suppose that intelligent railway labour leadership in Canada, knowing that they are no longer serving an invulnerable transportation monopoly, would by this time pause and consider the future in the light of commercial self-interest. They cannot fail to realize that they have now exploited the people of Canada to the utmost limit, and that the time is long overdue to shed the 1929 "boom" complex. The earnings of a controlled public utility are strictly confined to the business available. The fortunes of its employees must in the last resort move up and down in harmony with those of the enterprise itself, unless we are frankly to cast overboard all the rules of prudent business administration.

There is, in fact, no place for the high, arbitrary wage scale, unless labour can invent a painless formula by which the patrons of railways can be coerced into providing the revenue required in terms of increased rates and volume of traffic. In the absence of such the present attitude of railway labour is simply tantamount to a demand that they continue to be in part affluent pensioners on the bounty of their needy fellow citizens—a position not calculated to enhance the prestige of a large and honourable occupational group, whose insular leadership has apparently forgotten the admonition to "live and let live".

The demand of labour in 1936 for a ten per cent increase in wages—adding $22,000,000 per annum to railway operating costs, equivalent to 8 per cent—made under threat of strike and with full knowledge of the precarious financial situation of both railways and in the face of a substantially reduced cost of living, was an unprecedented exhibition of callousness and disloyalty towards the interests of both their employers and the Canadian taxpayer. This preposterous demand, unjustly acceded to, constituted a major calamity. It was a crude and craven admission of the strange theory that, as long as the people of Canada are in the railway business, the wages of employees shall bear

120206



no relation whatever to the ability of the business to finance itself. The taxpayers will be forced to shoulder the deficit. It set a new precedent in government operation of utilities. One wonders how the privately operated railway can efficiently manage its own labour relations teamed up with a competitive system under political control, whose decision in any labour dispute is bound to prevail. The strategic advantage of labour under such a set-up is evident.

From a point of view of transportation rates, the western farmer occupies the most vulnerable position of any group in Canada. Any government which undertook to protect the present extravagant railway wage level by an increase in freight rates—and that is the plain issue involved—even though the agricultural export rate structure were left intact, would sign its own death warrant in the West. The effect would be a higher operating and living cost, which would further reduce the prevailing near-slum standard of living of western agriculture. It must be clear to the simplest intellect that the remedy for the desperate straits of our railroads is not higher rates, meaning higher commodity prices, further restricted trade and transportation and more destructive competition, but a sane wage bill substantially reducing operating costs.

**Canadian vs. British Labour Attitude.**

Canadian labour leadership, in spite of repeated assurances of full protection for railway employees, went on record recently in opposition to unified operation of our two railways. This was an amazing demonstration either of complete lack of business perspicuity or of callous indifference to the ultimate fate of these enterprises. It seems unthinkable that any responsible person should, in these days of universal stress and sacrifice, seriously advocate an increase of rates as a solution of our railway problem, until every other possible avenue of relief, including the rationalization of wages, had been completely exhausted. If that is a reasonable conclusion, it is obvious that railway labour cannot hope ultimately to maintain its present wage level under separate management of our two systems, for the simple reasons, first, that there is no relief in sight in terms of substantially increased traffic revenue, secondly, because no one is able to indicate where any further considerable economies can be effected under dual management, and, thirdly, because of the increasing competition of other means of transportation. Coupled with these facts is the peremptory demand of a rapidly increasing section of the public that this indefensible fiscal leak be stopped without delay.

Granting that the present unjustifiable wage level may eventually have to be reduced even under unified operation, it is still evident that the pressure on the wage earner must presently become infinitely

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120207



stronger under separate management, deprived of any other means of reducing operating costs and rapidly going into bankruptcy. One would naturally suppose that the only possible chance of railway labour's maintaining anything like the present level of wages would be precisely through unification. British railway labour, drawing very low wages and confronted with the same situation, quickly recognized that the only effective guarantee of fair wages and working conditions is a solvent employer. After the unification of all the British railways into four regional groups, railway workers there are now pressing for complete amalgamation of these into one concern in the interest of still further operating economies. Canadian railway labour apparently has no interest in Canada's railway problem, beyond what they erroneously conceive to be to their immediate advantage in terms of jobs and wages.

Or, it is conceivable that Canadian railway employees consider their position unassailable and still hopefully pin their faith to the old-fashioned method of terrorizing the public by the threat of domestic warfare, and the dislocation of our transport services. If so, I would hazard the opinion that a general railway strike has now lost its terrors. It would not, in these days of efficient motor transportation, constitute anything like the menace it once represented. Public opinion would assuredly be strongly adverse to the labour point of view in a fight practically involving the welfare of Canada. A strike would be irretrievably lost before it started.

**Economies Under Unification.**

Competent opinion assures us that unified operation of our railways might easily effect such substantial savings as to eliminate the present aggregate losses. Those opposed to unification question that statement. Obviously, it is difficult to calculate even the approximate saving to be effected with such important controversial issues outstanding as the extent of abandonment of unprofitable lines, which clearly must be a matter of careful consideration and probably of lengthy negotiation with the interests affected. In this submission, I shall not attempt to go further than to express very general opinions, based entirely on a somewhat lengthy experience as a senior business executive, upon a subject clearly bristling with technicalities.

To the direct economies which may be gained by unified operation of our system of railways, the safest interim approach is perhaps the application of ordinary, common sense. It stands to reason that the complete duplication of traffic solicitation and facilities, executive management, expensive and continent-wide service offices, publicity, accounting and scores of other overhead costs could be cut in two or largely curtailed under unification. Some could be completely elimin-

120208



ated. That these savings would in the aggregate amount to an impressive sum is indisputable. It is clear that a great public utility can, other things being equal, operate most efficiently and economically as one unit, relieved of all the expensive and vexatious problems incidental to keen competition for the patronage of the public.

Whether the economies incidental to unified operation would, or would not, completely cover the present deficit, is not the point. In view of the serious position of both our railway systems, the taxpayers of Canada have the right to demand that every possible avenue towards reduced operating cost be exhaustively explored and fully utilized in order, first, to limit the tax burden, and, secondly, to leave open the door to possible rate reductions in the future. Every single move promising any substantial economy in aggregate operating expenditures is absolutely mandatory if we wish to salvage our five billion dollar railway plant and ensure indispensable rail facilities for our people.

**Competition Indefensible.**

On the general subject of the propriety of the present competitive set-up in our railway services, may I point out that democracy contemplates that the government shall at all times impartially conserve the legitimate interests of its citizens without fear or favour. Shareholders in the private railway system invested in good faith in a concern incorporated under Canadian law, took great risks and are clearly entitled to decent treatment. When the government of Canada first embarked upon railway operation, the public business was fairly divided between the two systems. That was as it should be. Now all government patronage goes, as far as possible, to the National Lines. It is plainly a case of competition without gloves between a government and a group of its taxpayers. The normal limiting factors in competitive effort are efficiency and available capital. Irresponsible competition ultimately leads to bankruptcy and elimination. The process of the survival of the fit maintains equilibrium in business, and it is important in the interest of sound and sane national development that this natural process should not be obstructed.

The President of the National Lines, in his evidence before the Senate Committee, suggested that the mission of his system was not to make profits, but to render services to the public. In a recent speech at Toronto, Mr. S. W. Fairweather, Chief of Research of the National Railways, said:

> "There is another side of the deficit of the Canadian National; primarily the railway is not operated for profit, but for public service and the development of the country . . . . it would be a short-sighted policy to make railway profits the criterion and test of development."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120209



Such an operating policy under the present railway set-up would, of course, be absolutely unjustifiable. That the government of Canada should furnish transportation at less than cost in order to promote the development of the country, or any part thereof, might conceivably be excellent public policy in many cases. But however meritorious such a policy might be, it would now necessarily involve compelling the shareholders of the competing private railway system to become equal contributors with the government towards any such objective of general public interest, by means of what would virtually amount to discriminatory taxation. This principle creates a preposterous situation.

It is clearly unethical for a government to enter active business in competition with its own taxpayers. If a government is at any time confronted with the necessity, in the public interest, of socializing any utility or business enterprise, it is its bounden duty to leave no stone unturned forthwith to create of such business a public monopoly and, even at considerable sacrifice, to give every private concern in the same business the fullest opportunity to escape from the admittedly impossible situation of competing with its own government, having the capacious pockets of its taxpayers—including even those of the private competitive enterprises—to resort to to liquidate the financial consequences of eventual extravagance and mismanagement. The record of our National Railways, with its periods of reckless expansion and duplication of services, provides the most convincing proof, if any is needed, of the fairness and soundness of this principle in public administration. The present railway set-up in Canada is obviously immoral, illogical and indefensible.

**Competition and Services.**

In the early days the west fought persistently and justly for competition in transportation. With the advent of the Railway Commission and public control of rates and services, however, this issue at once became obsolete. The assertion that competitive enterprise is desirable in order to promote efficiency in railway services is not convincing. According to that theory we should also have competition in telephone and postal services and in other public utilities, when it is common knowledge that the tendency the world over is precisely to operate all public utilities as a monopoly under rigid state control, not alone in the interest of efficiency and economy, but also to avoid the burden of uneconomic services. Public service enterprises are everywhere regarded as "natural" monopolies.

It is true that the absence of the spur to improve services afforded by keen competition might lead to deterioration. On the other hand, it is equally true that such competitive services are generally inaugurated long before they are economically justified, thus leading to extravagance. Under unified, non-political control improved services would be provided as soon as they would pay their way and no sooner. Under competition they are offered as a bait for increased patronage. Presently the competing line must follow suit and also embark upon a losing adventure. It may, I think, be successfully argued that in the last resort, one solvent railway will give better services than two competing lines both hovering on the verge of bankruptcy.

120210



Our outstanding problem is to make the transportation system of Canada as a whole pay its way, consistent with rendering adequate—but only adequate—services to the public. The western farmer is of the opinion that the people of Canada evidently are not in a position to demand and pay for "palaces on wheels" or any other expensive superfluities. If they were, both railways would probably now be in solvent circumstances. Granting a moderate and sane view on the subject of services, I cannot see the slightest justification for maintaining competitive railway transportation. On the contrary, it is not alone absolutely indefensible in principle, but it defeats the paramount objective of economy in operating cost.

**Abandonment of Unprofitable Lines.**

It has been asserted that one of the most promising, and also perhaps the most controversial, objectives in the reduction of aggregate railway operating costs, lies in the abandonment, or part abandonment, of the enormous mileage of paralleling and unprofitable lines, estimated by the Duff Commission at 17,000 miles. This problem in railway operation is not, of course, peculiar to Canada, nor indeed to new countries. Great Britain has faced the same situation. It is estimated that if military considerations were ignored and British railways could substitute truck service, 2,600 miles of single track lines could profitably be abandoned, representing 13 per cent of the total route mileage. During the past ten years one per cent of the aggregate mileage has actually been completely abandoned.

I shall, however, offer no comment on this subject beyond this, that if the Railway Commission, with all the facts before it, deems it essential in the public interest that services should be maintained over any unprofitable lines, then, having due regard to any subsidy or equivalent a railway may in the past have received in respect to the construction and operation of an apparently superfluous line, the government of Canada should assume its just and proper share of the annual losses involved, by special and direct subsidy to the operating railway. That would keep the record straight.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120211



Furthermore, as a public contribution towards, and in order to facilitate, railway rationalization, western people would unquestionably support a very liberal policy in that respect, so that no injustice may be inflicted either upon the railways or upon vested interests along existing unprofitable lines. The government might conceivably subsidize motorized highway transport to serve such areas, in some cases using the abandoned right-of-way. With this highly efficient alternative now available, the obstacles to abandonment should not present anything like the difficulties they did some years ago. At any rate, the solution of the railway problem is of so urgent a character that sacrifices can be safely demanded from all interested classes of the community.

**The Political Implications.**

A dispassionate survey of the railway situation would not indicate that it is by any means hopeless. Obvious opportunities for substantial economies in operation present themselves in numerous directions. There is, however, no easy way out. The easy remedies have been exhausted by this time. We now face those uncomfortable issues in economies, which involve fundamental changes and controversial policies. Several feasible railway unification plans have been constructed amply protecting the public interest.

The arguments hitherto advanced against unification are based almost entirely on the extremely doubtful virtues of competition and ignore the crucial points, which are, first, the moral impropriety and the economic wastefulness of competition and, secondly, the urgent business problem of salvaging an indispensable public utility through facilitating operating economies, rather than through increasing the cost of services to the farmer and the general public. That unified management of the two systems will eventually be forced upon the people of Canada admits, as I see it, of no doubt whatever, simply because there is no other easy way to eliminating operating losses. Presently an overwhelming majority of the Canadian people will demand the common sense solution of the problem.

It is painfully evident that the real obstacle to railway rationalization is the political implications involved. The personnel, representing about one per cent of the population, but controlling perhaps a quarter million votes, constitutes one of the serious problems of democracy engaged in the dangerous pastime of ownership and operation of "Big Business". An isolated major adventure in state socialism embracing an army of perfectly unionized workers cannot possibly succeed. Successful control and socialization of business necessitate a political dictatorship, able to restrain the unionization of labour for bargaining

120212



purposes. That has been demonstrated over and over again in Europe since the war. When a democratic government undertakes, directly or indirectly, to bargain with large bodies of powerfully organized employees, its final decision obviously affects its own political fortunes and, therefore, opens the door wide to political corruption. In every general election the railway vote would naturally favour the highest bidder. We cannot afford to ignore this deadly menace to our public life.

It has even been suggested, that railway unification in Canada would constitute a public menace, as so large an organization would be politically all-powerful. That, of course, is sheer nonsense. Whether the railway vote is concentrated under one management or under two or half a dozen, the railway brotherhoods will always act as one unit and labour, under the present set-up, will bestow its political rewards or punishments as one unit. The danger of labour domination obviously lies solely in the political administration of railways.

**Non-Political Control.**

I am in complete agreement with the Drayton-Acworth Royal Commission report which says on this subject:

> ". . . . We believe that the history of railways all over the world, where the management is directly under a minister responsible to a democratic Parliament, confirms our position that under such a system the public suffer because special interests obtain concessions at the expense of the community as a whole. It is for this reason that we have emphasized our recommendation that the management of the railways be entrusted to a body independent of politics."

The government and the Federal Transport Department must be divorced entirely from the management of our railways, through unified control under a board of possibly fifteen directors, five elected by the government, five by the shareholders of the Canadian Pacific Railway and one each nominated by some such representative and non-political bodies as the Canadian Chamber of Agriculture, the Chamber of Commerce of Canada, the Trades & Labour Council, the Canadian Manufacturers' Association and the Engineering Institute of Canada. A board so constituted would completely protect the management of the unified railways from political pressure and would also give the taxpayers and shippers of Canada direct representation uninfluenced by politics.

Such a board should elect and appoint its own officers, and it would be important that minority groups within the directorate should have full and independent access to the impartial and final judgment of the Railway Commission on all majority decisions upon rates and services

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120211



Furthermore, as a public contribution towards, and in order to facilitate, railway rationalization, western people would unquestionably support a very liberal policy in that respect, so that no injustice may be inflicted either upon the railways or upon vested interests along existing unprofitable lines. The government might conceivably subsidize motorized highway transport to serve such areas, in some cases using the abandoned right-of-way. With this highly efficient alternative now available, the obstacles to abandonment should not present anything like the difficulties they did some years ago. At any rate, the solution of the railway problem is of so urgent a character that sacrifices can be safely demanded from all interested classes of the community.

**The Political Implications.**

A dispassionate survey of the railway situation would not indicate that it is by any means hopeless. Obvious opportunities for substantial economies in operation present themselves in numerous directions. There is, however, no easy way out. The easy remedies have been exhausted by this time. We now face those uncomfortable issues in economies, which involve fundamental changes and controversial policies. Several feasible railway unification plans have been constructed amply protecting the public interest.

The arguments hitherto advanced against unification are based almost entirely on the extremely doubtful virtues of competition and ignore the crucial points, which are, first, the moral impropriety and the economic wastefulness of competition and, secondly, the urgent business problem of salvaging an indispensable public utility through facilitating operating economies, rather than through increasing the cost of services to the farmer and the general public. That unified management of the two systems will eventually be forced upon the people of Canada admits, as I see it, of no doubt whatever, simply because there is no other easy way to eliminating operating losses. Presently an overwhelming majority of the Canadian people will demand the common sense solution of the problem.

It is painfully evident that the real obstacle to railway rationalization is the political implications involved. The personnel, representing about one per cent of the population, but controlling perhaps a quarter million votes, constitutes one of the serious problems of democracy engaged in the dangerous pastime of ownership and operation of "Big Business". An isolated major adventure in state socialism embracing an army of perfectly unionized workers cannot possibly succeed. Successful control and socialization of business necessitate a political dictatorship, able to restrain the unionization of labour for bargaining

120212



purposes. That has been demonstrated over and over again in Europe since the war. When a democratic government undertakes, directly or indirectly, to bargain with large bodies of powerfully organized employees, its final decision obviously affects its own political fortunes and, therefore, opens the door wide to political corruption. In every general election the railway vote would naturally favour the highest bidder. We cannot afford to ignore this deadly menace to our public life.

It has even been suggested, that railway unification in Canada would constitute a public menace, as so large an organization would be politically all-powerful. That, of course, is sheer nonsense. Whether the railway vote is concentrated under one management or under two or half a dozen, the railway brotherhoods will always act as one unit and labour, under the present set-up, will bestow its political rewards or punishments as one unit. The danger of labour domination obviously lies solely in the political administration of railways.

**Non-Political Control.**

I am in complete agreement with the Drayton-Acworth Royal Commission report which says on this subject:

> ". . . . We believe that the history of railways all over the world, where the management is directly under a minister responsible to a democratic Parliament, confirms our position that under such a system the public suffer because special interests obtain concessions at the expense of the community as a whole. It is for this reason that we have emphasized our recommendation that the management of the railways be entrusted to a body independent of politics."

The government and the Federal Transport Department must be divorced entirely from the management of our railways, through unified control under a board of possibly fifteen directors, five elected by the government, five by the shareholders of the Canadian Pacific Railway and one each nominated by some such representative and non-political bodies as the Canadian Chamber of Agriculture, the Chamber of Commerce of Canada, the Trades & Labour Council, the Canadian Manufacturers' Association and the Engineering Institute of Canada. A board so constituted would completely protect the management of the unified railways from political pressure and would also give the taxpayers and shippers of Canada direct representation uninfluenced by politics.

Such a board should elect and appoint its own officers, and it would be important that minority groups within the directorate should have full and independent access to the impartial and final judgment of the Railway Commission on all majority decisions upon rates and services

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120213



with which they were not in agreement. A semi-judicial body such as this, with a back-ground of technical knowledge of railway administration, and having available a staff of competent technical advisers, and being specially charged with the responsibility of safeguarding the joint interests of the owners of the unified system—the citizens of Canada and the shareholders of the Canadian Pacific—would assuredly come nearer rendering safe and sane decisions than the political head of a department, exposed to the influence of pressure groups and hampered by uninformed public opinion and party considerations.

**Conclusion.**

That Canada's railway problem must be solved at the earliest moment is mandatory, not alone because it involves an intolerable and wholly unnecessary burden on the taxpayer, but especially because it is exercising a distinctly demoralizing influence on public opinion. Coupled with our enormous expenditure on relief, our apathetic attitude towards this destructive leak in our national resources has already created the illusion in the minds of too many of our citizens that the public purse is bottomless and that we can with impunity continue to add to our fantastic public indebtedness.

In order to conveniently defer constructive action, timid political leadership has from year to year deliberately reassured the public in respect to Canada's fiscal position, until many otherwise intelligent citizens, influenced by irresponsible, financial "witch-doctors", are now actually beginning to believe that credit and debt, public and private, are, in fact, largely a matter of accounting tricks and the liberal printing of currency. When the government itself refuses to face the desperate realities and complacently condones a ruinous deficit on railway operations, which in saner times would not be tolerated for a moment, we may confidently anticipate that the man-on-the-street is going to be no less complacent, and many will be quite ready to support weird plans to solve fiscal problems by financial magic. That is the price democracy pays when governments choose to under-rate the disastrous effect on mass-opinion of an attitude of unconcern respecting spectacular financial losses.

Transportation in a far-flung country like Canada is the central operation of our industrial and agricultural economy. It intimately touches the life of every citizen and it behooves Canada to promote, by every means within her power and at almost any sacrifice, the highest possible degree of efficiency and economy in her vital transportation services. Confronting an identical problem in 1921, a determined government in Great Britain, facing strong opposition by the railways, by labour, by the technical press and the general public, abolished

120214



wasteful competition through the wholesale amalgamation of 120 railways into four regional, non-competitive systems. The new set-up has now earned the approbation of everyone. It saved the situation completely. Are our Canadian leaders unable to emulate this example of bold statesmanship?

What I believe to be a rapidly growing majority of Canadian citizens, and almost the entire press of Canada, are to-day united in the demand for speedy railway rationalization. Are we to confess that, facing this national emergency, our political leaders are unable to sink considerations of party advantage and to agree on a rational plan of unification in the best interests of Canada? If our statesmen of today wish to avoid the opprobrium of the public of tomorrow, they have no choice but to pursue the logical course dictated by common sense and a realistic conception of the grave problem facing us all.

The responsibility resting on our political leaders of all parties is a heavy one. If the welfare of Canada is to be made subservient to the fortunes of political parties and occupational pressure groups, our case is desperate indeed. But I cannot bring myself to believe that our leaders cannot be brought to agree on sinking selfish interests in meeting a crisis, which, unless surmounted through co-operative effort of high-minded men, threatens to perpetuate the existing economic stress and ultimately to tarnish the good name of Canada in the financial centres of the world, thus retarding the clock of national progress. That is the inevitable penalty we would pay.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 20215

SUMMARY OF EVIDENCE FOR AND AGAINST
CANADIAN PACIFIC ESTIMATE OF SAVINGS
FROM UNIFICATION.

INTRODUCTION

The tabulated summary of the Canadian Pacific estimate of savings of $75,373,000 is to be found on page 416 of the Record. In the left-hand column of this statement is an outline of the assumptions made and of the principal physical changes which would be involved. The Exhibits "A" to "F" listed there appear on pages 417 to 421 inclusive, and further details as to Exhibit "A" are to be found on pages 427 to 432 inclusive.

The Committee charged with the preparation of the Canadian Pacific estimate assigned the problem of the physical changes outlined in the left-hand column to different officers than those who were responsible for the calculations. Correspondingly it was necessary to call separate witnesses to demonstrate these physical changes from those giving evidence as to the calculations of the savings shown in the right-hand column. This was necessary on account of the fact that the officers best able to deal with they physical side of the study were not in many cases the same as those who could best deal with converting these facts into money calculations. The evidence of Mr. Macnabb, Mr. McNeillie, Mr. O'Brien, Mr. Pyne and Mr. Humphrey dealt principally with the physical changes in the left-hand column, and the other witnesses supported the figures shown in the right-hand column.

The main item of the gain - Item 2 - is an estimated saving of $64,268,000 in Operating Expenses. Five witnesses supported this Item - Mr. Armstrong, Mr. Newman, Mr. Jefferson, Mr. O'Brien and Mr. Liddy. Item 6 of the summary, relating to Express economies, was dealt with by Mr. McDonnell, Item 4 -

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 202116



British Columbia Coast Service, and Item 5 - Telegraphs, were covered respectively by Captain McMurray and Mr. Howard, Each witness dealing with estimated savings presented summary sheets of the calculations based on 1930, and each indicated where possible the variation from the 1930 estimate either upwards or downwards resulting from changes in conditions which might affect the estimate of savings available when traffic returns to normal levels.

The Committee indicated interest as to the possible effect should no line abandonments take place. The simplest and most adequate method of doing this is to consider the cost of providing the necessary services if line abandonments are not made, and the question was therefore dealt with in its entirety by Mr. Liddy (pages 905 and 906), who presented the calculation of the amount of reduction in the estimate which should be made

(a) if no line abandonments are included, and

(b) if line abandonments were made only to the extent of the 2,098 miles common to both the Canadian National and Canadian Pacific estimates.

This was done by calculating the total cost of placing a tri-weekly service on the lines and maintaining them on the basis of that service.

Mr. W. M. Neal, Vice-President, Western Lines, presented (pages 983 and 984) a summary of the variations upwards and downwards which the preceding witnesses had stated should be made in the original estimates,.

Following the close of the Canadian Pacific evidence the Canadian National presented witnesses who commented upon and criticized some of the Canadian Pacific estimates. The Canadian Pacific made no detailed reply, but its witnesses were fully prepared to explain the points raised by the Canadian National and clear up certain misapprehensions which had arisen in a study of the figures. It has been thought desirable, for the sake of convenience, to set out as briefly

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120217



as possible in one memorandum the principal arguments of both parties under the headings of Exhibit 49 on page 416 of the Record, listing them in the same order as they appear there.

LINE ABANDONMENTS

Mr. T. C. Macnabb, General Superintenddnt, New Brunswick District, Canadian Pacific Railway, dealt with this item at pages 608-664 of the Record. He stated (pages 609 and 610) that the Canadian Pacific study covered 5,051 miles of lines which might be suitable for abandonment and that the Canadian National study covered 4,259 miles, including 1,966 miles of thin traffic lines. He pointed out, however, that a large measure of the estimated savings could be achieved without abandonment by re-routing traffic and reducing maintenance. A complete elimination of line abandonment would only reduce the total saving by $7,248,000.

Mr. Macnabb emphasized the fact (page 610) that consideration by the Canadian Pacific of these abandonments took into account the rule that public interest was of first importance and that the business of the district, the needs of the people, the alternative rail and highway facilities and the possible future growth of individual districts were fully considered. He agreed that some adjustments of the estimate of abandonments on the 1930 basis would probably be necessary due to altered conditions, but he thought that the ultimate measure of savings would be little changed.

Mr. Appleton, Mr. Kingsland and Mr. Warren, the Vice-Presidents respectively of the Atlantic, Central and Western Regions of the Canadian National, took exception to the proposals for abandonment of certain sections of the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120218



lines dealt with in the Canadian Pacific estimate (pages 1086 to 1111). They based their objections principally upon the amount of population served, the local traffic derived, and the future possibilities of the territories affected. In some cases they believed the lines referred to should not be abandoned because they were constructed with better grades and greater capacity than the alternative routes. These witnesses expressed the opinion that the solution of the railway problem was to "stand pat", economize as much as possible, and hope for an increase in traffic.

Mr. Macnabb points out, however, that in the areas proposed for abandonment the earnings fall far short of paying the cost of maintenance and operation of the lines, when all factors are taken into consideration. Alternative means of transportation, highway, water or air, are available to serve most of these areas. He submits that evidence of the necessity for alternative routes in the past does not constitute an argument against abandonment, since by better maintenance and operation and improved facilities required to handle the increased traffic on the remaining line or lines interruptinns (such as Kamloops-Vancouver) would be diminished. Despite the objections that have been expressed to the abandonment of certain specific sections of line, the fact remains that it is agreed by both Railways that there is a large superfluous trackage in Canada that can be abandoned without detriment to adequate and efficient transportation.

The Canadian National criticism has proceeded on a wrong basis. As pointed out by Mr. Macnabb, the schedule was not intended at all to indicate the precise choice of lines to be abandoned. It was indicative of the superfluous mileage in the various areas involved. If a Canadian National line included in the schedule possessed advantages justifying its retention, it would be retained.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120219



PASSENGER TRAIN AND CAR MILES

Mr. R. G. McNeillie, Passenger Traffic Manager, Canadian Pacific Railway, gave evidence (pages 664 to 674 and 752 to (763) that the original estimate of savings under this head had been compiled by other officers of the Company, since retired, after a careful and comprehensive survey of the 1930 traffic. It took into account the fact that between common points, such as Montreal-Toronto, Montreal-Quebec and Ottawa-Toronto, many duplications of train service were in existence and train mileage might be eliminated by the consolidation of trains.

Mr. McNeillie filed as Exhibit No. 63 (pages 938 to 940 of the Proceedings):

(a) the details of the Canadian Pacific 1932 estimate showing a saving of 7,574,454 passenger train miles, on the basis of 1930 traffic volume, under a plan of unification;

(b) the revised (1938) estimate showing a saving of 6,649,836 passenger train miles (instead of 7,574,454 miles as originally estimated), on the basis of 1930 traffic volume, under a plan of unification; and

(c) the details of the estimated reductions $3,508,413 passenger train miles) possible, on the basis of 1937 traffic volume, under a plan of unification.

Mr. C. W. Johnston of the Canadian National did not refer in any way to the original Canadian Pacific estimate of saving of 7,574,454 passenger train miles, or the revised (1938) Canadian Pacific estimate of a saving of 6,649,836 passenger train miles, on the basis of 1930 volume of traffic, under a plan of unification.

Mr. Johnston estimated (pages 1224 and 1225) that 2,467,307 passenger train miles could be saved on the basis of 1937 traffic volume, under either unification or co-operation, and stated that, if the mileage saved by pooling arrangements and through independent action are taken into account, that estimate is similar to the Joint Canadian Pacific - Canadian National estimate of February 7, 1933 (Exhibit No.40 - pages 227 to 232 of the Proceedings.)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120220

Mr. McNeillie agrees with Mr. Johnston that the 2,467,307 passenger train miles on the basis of 1937 traffic volume could be saved under a plan of unification, and considers this could be increased to the 3,508,413 miles (provided certain track abandonments are made) included in the Canadian Pacific estimate, which is the result of a more exhaustive study of conditions than was apparently undertaken by the Canadian National for the purpose of their estimate.

Inasmuch as the Joint Estimate of 1933 (filed as Exhibit No. 40) was based upon the then current level of traffic, and was compiled to indicate the extent of obviously duplicate passenger train service under a plan which would provide for union or joint stations at the principal common points, but not under general unification, it is not on a comparable basis with the Canadian Pacific estimates of the savings available under unification. The 1933 Estimate was not a study to determine the maximum reductions that could be made under unification.

SAVINGS IN FREIGHT AND MIXED TRAIN MILES AND FREIGHT CAR MILES

At page 673 of the Record Colonel E. G. O'Brien, Freight Transportation Assistant, Canadian Pacific Railway, gave evidence as to the manner in which the study was made of the anticipated reduction of 5,301,323 freight train and mixed train miles and 67,157,402 freight car miles. At the request of the Committee copies of detailed working sheets were filed, showing how this information was prepared, and some thousands of detailed reports were presented for examination.

Consolidation of merchandise was explained (page 704) as the possibility of placing in one car merchandise now moving in two cars on competitive lines. The heavier loading of carload traffic was indicated (page 679) as a possible saving due to using under unified management large cars to better advantage. Rerouting of empty cars was explained (pages 679-80) under two headings: the possibility of sending foreign cars home via shorter routes,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120221

and the ability to use more direct routes for the movement of Canadian empty cars. Rerouting of traffic was shown (pages 691-704) to be the result of the ability to use a more direct route or line with better grade.

At the request of the Committee, Colonel O'Brien made a comparison (page 689) between his estimate and that made by the Canadian National for the Duff Commission. This comparison indicated that the Canadian Pacific estimate of savings was very conservative.

Criticism of Colonel O'Brien's evidence by Canadian National witnesses related more closely to his subsequent evidence as to the money value of the reduction in train and car miles and will be referred to under the heading "Transportation-Rail Lines."

CONSOLIDATED LOCOMOTIVE AND CAR SHOPS

Mr. R. A. Pyne, Superintendent of Motive Power and Car Departments, Western Lines, Canadian Pacific Railway, gave evidence (pages 736 to 746) as to the methods used to achieve the savings under this head, which were estimated at $14,360,000. It was contemplated that there would be a reduction in locomotive and car mileage and a further reduction in locomotive and car repair expense due to a higher percentage of modern equipment available and a concentration of repair work on a mass production basis at the best equipped shops.

Mr. Pyne pointed out that under unification the number of main shops could be substantially reduced, and economies would also be effected in running repairs from consolidation of facilities and the elimination of terminals. The locomotive mileage completed between general repairs would be increased in certain territory because of advantages from redistribution and increase in modern power available. Furthermore, the shopping of car equipment would be affected in proportion to line mileage reduction and co-ordination of services.

No substantial criticism of Mr. Pyne's evidence was offered by any Canadian National witness; in fact, Mr. Roberts agreed that

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120222

savings could be made but was unable to state the amount.(page 1215).

CONSOLIDATING SUPERVISORY ORGANIZATIONS

Mr. H. J. Humphrey, Vice-President and General Manager,Eastern Lines, Canadian Pacific Railway, gave evidence on this subject (pp. 774 to 779).He stated that the method of arriving at the estimate was to study all supervisory units of both railways and estimate what could be done by unification after deducting proposed line abandonments. The unified system was to be divided into four Regions as against six of the two railways operated separately. In 1930 the two railways had twenty-three Districts and seventy-five Divisions, which would be reduced to thirteen Districts and fifty-two Divisions under unificiation. In the estimate given by the Canadian National before the Duff Commission, it had been proposed that three Regions, nine Districts and fifty Divisions be set up. The reduction of the number of Districts and Divisions would mean that each Superintendent and General Superintendent would have an increased mileage to supervise. However, the efficiency of supervisory work is only limited by by the distance from headquarters and the volume of traffic,and in Canada because of the thinness of traffic it is usually the size of the territory which is the limiting factor and not the amount of mileage or traffic within the territory.

Mr. Humphrey mentioned the large amount of wasted effort at present caused by necessary conferences between the corresponding supervisory officers of each Company. This would disappear under unification. He stated that as a fully experienced railway officer he believed that the outlined plan of unification of supervisory services could be put into effect without detriment to the standard of railway services.

Mr. Warren for the Canadian National expressed the belief (pages 1101 to 1103) that it would be an impossibility to have proper supervision under this scheme. The average mileage for the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120223

Canadian National line Superintendents on the Western Region is 1,103 and an increase in this mileage could not properly be made. Since 1930 the Operating supervisory staff and Despatching, Mechanical and Engineering supervisory forces on the Canadian National Western Region had been reduced with a saving of $295,600 annually. If traffic returned to the 1930 level, two Division superintending offices would have to be restored, costing an additional $70,000. The Canadian Pacific does not agree that an average of approximately 1,100 miles is the maximum that can be operated efficiently. The fact is that in the Canadian Pacific Western territory particularly there are divisions of considerably greater mileage.

In discussing the Canadian National estimate (page 1272) Mr. Fairweather mentioned the fact that removal of regional headquarters at Moncton would affect the public interest. In the discussion which followed it became apparent that it was believed that the Canadian Pacific estimate of savings would involve the destruction of Moncton as a railway headquarters. The Canadian Pacific estimate of unification savings included no economies to be derived from interference with the Intercolonial Railway, and, indeed, Sir Edward Beatty (page 567) indiscussing the question of the "national interest" said that he should have no objection to the Intercolonial being excluded from the unification arrangement and being run by the Government as they saw fit in the national interest.

INCREASED RAILWAY OPERATING REVENUES

Mr. C. E. Jefferson, Freight Traffic Manager, Canadian Pacific Railway, explained to the Committee (pages 708 to 716) that the estimated gain in gross freight revenues of $2,135,000 made by the Canadian Pacific Railway was based on re-routing of traffic movements which were and still are highly competitive between the Canadian Pacific and Canadian National on International, Interstate and

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120224



Great Lakes traffic (Exhibit 61, page 909 of the Record). This is traffic on which the connecting lines of each system enjoy a portion of the haul that under unification could be diverted to the rail and steamship lines of the unified system that longer hauls might be obtained.

There is also additional "gross" revenue to be gained from readjustments of interline divisions - $1,500,000 and estimated gain in "net" revenue through re-routing over unified lines of Canadian Pacific traffic through Detroit Gateway $1,136,000 (see page 984 of the Record).

In reviewing his original estimate, Mr. Jefferson increased it by saying that there would also be additional gains in "gross" freight revenues of $3,635,000 and in "net" freight revenues of $1,135,000, total $4,771,000.

This estimate appears conservative in view of a similar estimate made by the Canadian National Railways on page 489 of the Record - re-routing of interline traffic $5,385,800 and adjustment of interline divisions $2,500,000, page 476 of the Record, or an estimated total gain in "gross" freight revenue of $7,885,800.

Mr. Long, the witness for the Canadian National Railways, repudiates the statements made by the Canadian Pacific and Canadian National Railways, as given above, except that he did not dispute the estimated gain in "net" Revenue through the re-routing over unified lines of Canadian Pacific traffic through the Detroit Gateway, amounting to $1,136,000. It is significant that this item was not disputed by the witness for the Canadian National Railways, for the obvious reason that they are desirous of securing this re-routing through co-operation.

Mr. Long believes the estimated gain in "gross" freight revenues made by the Canadian Pacific Railway through the re-routing of freight traffic, amounting to $2,135,000 and readjustment of interline divisions, amounting to $1,500,000

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120225



is very difficult of accomplishment.

Many reasons were given with which Mr. Jefferson does not agree and is still of the opinion that his estimates are conservative and insofar as the rerouting of traffic is concerned, can readily be accomplished, and furthermore there are other instances where a "gain" in gross freight revenues can be made and if there is unification of these two railways more should be found.

Mr. Long is of the opinion )page 1231) that nothing could be accomplished in the way of obtaining additional revenue through readjustment of interline divisions. Mr. Jefferson, after carefully reading the evidence of the witness for the Canadian National Railways, is of the opinion many of the situations to which reference is given would not arise through unification of the Canadian National and Canadian Pacific. There is no doubt unification would afford an opportunity of substantially improving railway operating revenues through the adjustment of interline divisions. True it would take time and effort but the fact cannot be disputed that during a period of five years much could be accomplished and the estimate made is a modest and conservative one to achieve.

Mr. Long (page 1231) argues that the Canadian Pacific estimate should not include any savings by rerouting of northbound traffic from New England, on the ground that the Interstate Commerce Act reserves to the United States carriers their long haul, i.e., the right to turn over traffic to a Canadian line at Wells River. Mr. Jefferson argues that nothing could

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120226



prevent the unified system from refusing to accept freight from United States connections at Wells River, Vt., since the Company could refuse to run a through freight service north of that point. It is clear that Mr. Long is really of the same opinion, since, on page 1233, he argues that the New York Central System could refuse to accept southbound Canadian traffic at the Niagara Gateway, and could insist on taking it over at Hamilton. He cannot be right on both points. In addition, on page 1232, Mr. Long argues that no savings would result from rerouting of southbound traffic to New England from the Canadian Pacific leased line from Newport, Vt. to Wells River, Vt., to the Central Vermont Railway. He argues that the Canadian Pacific has a long lease on the Newport to Wells River line, for which it pays $246,000 a year. The Canadian Pacific estimate of savings by rerouting assumed that this lease would be honoured but that does not interfere with the making of savings by diverting traffic from the leased line.

## DECREASED RAILWAY OPERATING EXPENSES

In each of the sub-headings under this division of the estimate, "Maintenance of Way and Structures", "Maintenance of Equipment", "Savings in Rail Traffic Expense", "Transportation", and "General", an item is included for savings in supervisory expense. These would be made possible through the consolidation of staffs and the elimination of duplicate effort. In arriving at this estimate a ready means was to estimate from the experience of Canadian Pacific officers what the cost of a

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 20227



unified system would be and take this from the total of the costs under separate operation. Mr. Cooper, Comptroller of Canadian National Railways, believed the estimate claimed economies as a product of unification which could be and had since been made otherwise (p.1137). Since 1930 the cost of supervision on the Canadian National had been reduced by $5,414,992. By the application of a formula of the American Railway Engineering Association it was calculated that twenty per cent or $721,863 of this was due to diminished business. A further amount of $579,471 was attributable to salary deductions. The subtraction of these items from the figure of $5,414,992 left a balance of $4,113,658, which Mr. Cooper said represented the economies of a permanent nature effected by the Canadian National without unification. He claimed that the Canadian Pacific estimate should be reduced by this amount.

In commenting upon Mr. Cooper's evidence, Mr. S. J. W. Liddy, Assistant to the Comptroller, Canadian Pacific Railway, doubts the propriety of the application of an arbitrary formula to determine the proportion of decrease in supervisory expense attributable to diminished business in view of the unusual conditions which have prevailed. He points out that no actual study has been made and claims that in time a much larger proportion than indicated will ultimately prove to be temporary. Mr. Liddy further points out that the primary concern of the Canadian Pacific in compiling the estimate was the calculation of the amount of savings attributable solely to

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120228



unification. If the officers in setting the amount of the savings had provided for the higher costs on the Canadian National they would have placed the percentage of reduction for the unified management very much higher. Exception is also taken to the Canadian National's assumption that the permanent economies which Mr. Cooper computed should be entirely deducted from the estimated economies of the Canadian Pacific. Estimated savings in supervisory forces would be reduced little, if any, more than in proportion to the general reduction in supervisory expenses. Apart from a minor percentage of the total expenses which may be considered permanent economies, it is still considered that the estimate is a fair valuation of the economies possible on the basis of a normal year.

The evidence given under the individual headings of this division may be summarized as follows:

(a) Maintenance of Way and Structures

Mr. J. E. Armstrong, Assistant Chief Engineer of the Canadian Pacific, explained in detail (pages 779 to 801) how the Canadian Pacific mileage and the mileage under unification had been derived, and then showed how the cost of maintaining the unified mileage had been determined, partly by applying various unit costs derived from an analysis of Canadian Pacific costs.

Savings in superintendence were determined from the known cost of Canadian Pacific office units adjusted downward, on an arbitrary basis, in the case of general offices, and

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120229



upward, in proportion to the tributary mileage, in the case of other office units, Track maintenance costs on the Canadian Pacific were analyzed and known costs were divided by weighted units which made allowance for single and double track main lines, for branch lines, and for higher costs in Eastern than in Western Canada. The unit costs so derived were applied to the weighted units of the unified mileage to secure the estimated costs of maintaining this mileage.

After the witness had developed in detail all the items appearing in the column headed "Estimated Total Combined Railways Operated as a Unit" in the table at the top of Page 423, except the item for "Telegraph and Telephone Lines" which was to be handled by another witness, it was obvious that the difference betweenthe figures in that column and in the column headed "Total Combined Railways Operated Separately" was the figure of "Net Savings" shown in the last column.

The Canadian National witness, Mr. C. B. Brown (pp. 1198-1207), did not criticize the mileage figures quoted by the Canadian Pacific witness except to say that he would proceed on the assumption that no mileage would be abandoned. He did not agree with the formula used by the Canadian Pacific for deriving costs for the unified railways, but preferred, what he considered to be, a more simple method which consisted of dividing reported costs by reported mileage. With per mile costs derived in this manner, he ignored the Canadian Pacific estimate of savings under unification and apparently endeavoured to demonstrate that Canadian National costs for Maintenance of Way and Structures were on a parity with Canadian Pacific costs, and, consequently, that there would be little, of any, saving under unification.

He stated that because of differences between the Canadian National and the Canadian Pacific situations, the Canadian National would have to spend annually, as of 1937,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120230



approximately $1,800,000 more for tie renewals, $600,000 more for maintenance of timber bridges, $1,500,000 more because of preponderance of mileage in Eastern Canada where track maintenance costs $500.00 more per mile than in Western Canada, and $1,500,00 less because of lesser traffic density, than would be indicated b the Canadian Pacific per mile costs for Maintenance of Way and Structures, which he had derived.

Mr. Armstrong submits that it may be left to the judgment of the Committee as to whether the Canadian Pacific method of weighting for single and double track main lines, for branch lines, and for difference between Eastern and Western Canada costs is more accurate than the method suggested by the Canadian National witness, which assumes all lines to cost the same per mile regardless of location and whether single or double track main lines or branch lines.

He draws attention to page 486 of volume 33 of the Proceedings of the American Railway Engineering Association, which indicates that approximately 28% of the ties installed by the Canadian National and approximately 71% of the ties installed by the Canadian Pacific in 1930 were treated ties. On page 491 of the same volume it is stated that the Canadian National installed an average of 202 and the Canadian Pacific an average of 220 ties per mile of maintained track in 1930. It is, therefore, apparent that the Canadian Pacific estimated cost of ties required for the unified mileage is more generous than the Canadian National thought necessary for its own trackage in 1930.

The amounts charged to track maintenance in the Canadian Pacific estimate provide over $600.00 per mile more for maintaining track in Eastern Canada than in Western Canada. This is more generaus than the $500.00 figure suggested by the Canadian National witness.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120231



The remaining two items mentioned by the Canadian National witness are the $600,000 more for maintenance of timber bridges and the $1,500,000 less on account of less traffic density. These items together result in a saving of $900,000 per annum, of which no direct account has been taken in the Canadian Pacific estimate of savings under unification.

The Canadian Pacific is unable to find any real criticism of its figures in the Canadian National evidence in regard to savings in Maintenance of Way and Structures costs under unification.

Although the Canadian Pacific estimate of savings under unification was prepared on the basis of deducting estimated unified railway costs from the summation of the costs of the present separate railway rather than as an item by item estimate of the savings themselves, the resulting savings in Maintenance of Way and Structures may be approximately summarized as shown in more detail in Exhibit No. 78 on Page 1040 as follows:

| | |
|---|---|
| Line abandonment ..... | $ 7,005,000 |
| Abandonment of duplicated yard, station and other facilities on lines retained, and changed standards of maintenance on alternate lines not abandoned ..... | 5,391,000 |
| Superintendence ..... | 2,493,000 |
| Total saving ..... | $14,889,000 |
| of which the amount due to line abandonment is ... | 4,512,000 |
| leaving a total if no lines are abandoned of ..... | $10,377,000 |

It will be noted that the saving from abandonment of duplicate facilities and changed standards of maintenance on alternate lines not abandoned amounts to only $150 per mile of the unified mileage or a reduction of less than 10%. Had it been possible to determine the actual duplications in physical properties and to estimate directly the economies that would be possible, it is reasonable to expect that the economies from this source would have been at least as great as the amount included in the estimate.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120232



(b) Maintenance of Equipment

The evidence of Mr. W. A. Newman, Chief Mechanical Engineer, Canadian Pacific Railway, is found on pages 802 to 821 of the Record. Mr. Newman shows that savings under this heading are effected by:

1. Reduction in locomotive and train car miles due to unification thereby reducing use of less efficient equipment and consequently necessity for maintenance.

2. Ability to maintain combined equipment under unification at lower average level of unit maintenance costs approximating Canadian Pacific level or possibly slightly less.

These two methods of securing reduction of expense apply in detail to the following accounts:

(1) Superintendence.
(2) Shop Machinery.
(3) Steam Locomotive Repairs.
(4) Freight Train Car Repairs.
(5) Passenger Train Car Repairs.
(6) Work Equipment Repairs.
(7) Other Expense.

In his evidence Mr. Newman explains that savings in superintendence are based upon the reorganization that would be effected under unified management as explained in Mr. Humphrey's evidence, the expense of the enlarged superintendence organization being related to the cost of superintendence of the Canadian Pacific less reduction of 20% for the more efficient management possible for unified system. The expenses for all the other divisions under which Maintenance of Equipment was considered are all directly related to the extent which equipment is actually used. This is first translated into locomotive, freight train car and passenger train car miles and these translated into a total cost to maintain equipment, using the cost of

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120233



maintenance per mile for the Canadian Pacific for 1930 - in the case of locomotive and freight train car repairs, 5% below such cost - as a measure of the level of maintenance cost at which it was considered equipment could be repaired for under the benefits of unified management.

The basis of setting up the repair costs for equipment under unification is taken most conservatively, there being very great possibilities of further substantial savings by the utilization to the best advantage of the combined rolling stock, shop and other facilities. The standardization of class and type of new rolling stock offers distinct advantages, and improvement in fuel consumption can be effected.

The Canadian National witness, Mr. J. Roberts, (pp 1207-1224) agreed that savings could be effected by a reduction in locomotive and train car miles and directed his criticism against the application of Canadian Pacific unit costs to the repairing of Canadian National equipment. Mr. Roberts justified the Canadian National increased repair costs as follows:

Locomotives:

(1) 13.45% greater average capacity of Canadian National locomotives.

(2) A greater number of classes of locomotives.

(3) The more extensive application of modernizing devices.

(4) Less performed mileage in level Prairie country.

(5) A repair cost level 7% under the average for Class I U.S.A. roads.

Freight Train Cars:

The more extensive application of modernizing devices.

Passenger Train Cars:

The Canadian National 1937 repair costs were lower.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120234



than for the Canadian Pacific and therefore no savings were possible by the application of Canadian Pacific unit costs.

The comments of the Canadian Pacific witness on the Canadian National evidence in relation to the various arguments advanced are;

Locomotives:

(1) This is dealt with by the Canadian Pacific witness on page 808 of the Record. There has been no increase in the Canadian Pacific average cost of repairs per locomotive mile although the average tractive effort has increased 18% since 1925.

(2) Discounted in the Canadian Pacific estimate by retirement of less desirable locomotives and segregation of similar classes to the most suitable territory.

(3) The policy of modernization of the Canadian Pacific by increasing utilization and efficiency has assisted in maintaining repair costs at a uniform level.

(4) Offset by increased cost due to bad water conditions, resulting in little variation in repair costs.

(5) Canadian Pacific cost levels are more pertinent as conditions of operation are similar. Referred to by Canadian Pacific witness on page 808 of the Record.

Freight Train Cars:

Increased costs due to modernization are not permanent and only apply to a proportion of old equipment. This also assists in savings by providing a greater proportion of modernized equipment for use under unification.

Passenger Train Cars:

Unit repair costs for 1937 for both roads must be disregarded as they are inflated by a proportion of air-conditioning expenses. The Canadian Pacific estimate is based on an average cost level that it is considered can be worked to under unification. Referred to by the Canadian Pacific witness on page 812 of the Record.

(c) Savings in Rail Traffic Expenses

Mr. Jefferson referred (pages 849 to 865) to the estimated savings in traffic expenses - based on year 1930 - $5,775,517 or 38% (Exhibit 60, page 907 of the Record).

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

C 20235



Canadian National Railways estimated a saving of $6,800,000 or 45% (Exhibit 60, page 907 of the Record).

Mr. Jefferson stated that unified operation would permit of extensive consolidation of headquarters, regional and district supervisory offices and would eliminate economic waste in competitive effort of agencies and advertising. Substantial reductions in miscellaneous expenses, such as dues to Traffic Associations, expense of Development and Industrial Bureaux, stationery and printing, would be possible.

Mr. Jefferson stated precise savings on 1937 basis could not be calculated accurately without a complete resurvey, but it was safe to predict that 35% to 40% would be a reasonable measure of savings.

Mr. Long of the Canadian National Railways (pp 1230-40) was of the opinion that this could not be accomplished, having regard to the savings which had been effected by the two railways in 1937, compared with 1930.

Mr. Jefferson is still of the opinion that notwithstanding savings which have been effected since 1930 there is no reason to modify the statement made by him that under unification the traffic expenses for the year 1937, for the two roads operated separately, could be reduced from 35% to 40%.

(d) Transportation - Rail Lines

Colonel O'Brien's evidence on this subject, commencing at page 865, dealt with the money value of the reduction in train and car miles previously referred to, and also covered savings to be effected by reductions in superintendence and despatching, elimination of duplicate station service, elimination and consolidation of duplicate yard service, and

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120236



included reduction in train service expense by reason of fewer train miles with smaller costs for fuel, water, lubricants and other train supplies and expenses. The total saving under this heading was shown as $23,994,376.

Mr. Appleton and Mr. Walton offered criticisms of Colonel O'Brien's evidence. Mr. Appleton (pages 1986 to 1905) took exception to the suggestion of re-routing all traffic now handled by the National Transcontinental and claimed that a loss of $727,000 per year would result. Colonel O'Brien draws attention to the fact, however, that on a previous occasion Mr. Mallory, Executive Assistant to the Chairman and President of the Canadian National Railways, stated that the line was not equipped for a traffic movement of any serious dimensions and that Mr.Appleton gave evidence before the Duff Commission to the effect that not much traffic was being handled on the line and that a study was being made to put in some sort of highway service to relieve the railway of the expense of operation. Mr. Hungerford at page 1071 of the Record intimated that it would be economically desirable to abandon operation of the National Transcontinental. Colonel O'Brien states that traffic between Montreal and Saint John can be handled at slightly lower cost via the Canadian Pacific shorter route, and that Mr. Appleton took into account only the grade and not the distance.

Mr. Walton's criticism (pages 1167 to 1183) was that the Canadian Pacific estimate indicated a transportation ratio of 33.9%, which in the light of United States experience was not realizable. Colonel O'Brien points out, however, that Mr. Walton has made a basic error in computation and that the anticipated transportation costs of the unified system would be 37%, or excluding Telegraph and Express 35.8%. Mr. Walton's evidence indicates that reduction to 35.8% is entirely realizable.

Mr. Walton also criticized the proposed consolidation of Divisions, the cost of despatching trains, the reduction in station service costs, the study of yard costs and the routing

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120237



of interstate traffic. Colonel O'Brien suggests that these criticisms arose mainly from a misapprehension as to the methods of computation followed by the Canadian Pacific. For example, yard expenses show a saving of $3,072,042. This is attributable to studies made by Superintendents in their respective territories, Mr. Walton understood a percentage was applied to all yards and made reference to the Niagara Frontier and the Grand Trunk Western. These points do not come into the Canadian Pacific calculation in any respect, and the only points considered were those in Canada where the roads maintain duplicate facilities.

Mr. Walton implied that the Canadian Pacific intended to increase the use of United States coal. Colonel O'Brien states that this is incorrect and that the savings estimated presupposed the distribution of coal from the present sources.

(e) General Expenses

Mr. Liddy for the Canadian Pacific supported this item (pages 893 to 901). He stated that these items covered costs of a general nature chargeable to the railway undertaking as a whole. Each railway has an administration which is an almost complete duplication of the other in its functions. The consolidation of these executive positions would permit of extensive economies. Much time and effort is entailed in numerous conferences and committees between the two companies, all of which would automatically disappear. There were also numerous examples of overlapping effort and both railways kept practically identical books and statistics. He pointed out that salaries and expenses of clerks and attendants of the chief officers were also duplicated, and while more individual clerks would be required to run the office in which a larger volume of work was handled, a substantial reduction in staff could be

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120238



effected by the increased opportunity for specialization of work. Clerical work in settling accounts between the two railways also involved considerable expenditure.

Mr. Liddy stated that the economies effected under distress conditions since 1932 were almost of an entirely different nature to those contemplated under the study of unification savings. On the assumption that when revenues returned to the 1930 level these items of general expenses would return to 90% of the 1930 level, the estimate of 1930 would be reduced by $428,900.

Mr. Liddy believed the abandonment or non-abandonment of lines would have very little effect on general expenses.

## MISCELLANEOUS INCOME ITEMS

Mr. Liddy's evidence under this heading (pages 902 and 903) showed that the saving was estimated at $211,000, comprised of a saving of $50,000 in hire of equipment by more rapid return of equipment owned by United States lines due to shorter home routing, and a saving of $161,135 from consolidation or abandonment of separately operated properties such as the railway company's abattoirs in Montreal and the electric railway between Paris and Port Dover, Ontario.

## BRITISH COLUMBIA COAST SERVICES

Captain R. W. McMurray, Manager, British Columbia Coast Steamship Service, Canadian Pacific Railway, dealt with this item (pages 965 to 970). His evidence was that the item of $450,000 involved the elimination of operation of two vessels in the Alaska service, the traffic being carried by the more

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120239



frequent operation of the remaining vessels. It also contemplated the consolidation of car barge services between the mainland and Vancouver Island and the elimination of one mainland terminal. Consolidation of staffs would also involve savings.

Mr. Warren for the Canadian National expressed the belief (pages 1103 to 1110) that in 1936 and 1937 the Alaska passengers could not have been handled by less than the entire six ships operating. The growth of tourist business to Alaska would continue. Mr. Warren admitted, however, that he had not worked out whether by a re-arrangement of ships on the Alaska route and by continuous operation two ships could be eliminated. The elimination of Port Mann as a terminal for car barges would mean an additional car mileage due to the rail haul from Port Mann to Vancouver Harbour.

Part of Mr. Warren's criticism of Captain McMurray's evidence arose from a misprint in the Record on page 968, where the clause "This would give an annual saving of $104,000 with the elimination of the extra services and the elimination of one barge fleet" should read "the elimination of one barge slip."

Captain McMurray points out that as to the additional rail haul claimed by Mr. Warren, the Canadian Pacific assumed that under unification the cars would not have been routed to Port Mann.

Mr. Warren argued that traffic routed to Vancouver instead of Port Mann would have to pay harbour dues at Vancouver, while Port Mann is free. Actually, this would be more than offset by the savings due to elimination of Port Mann which is maintained at the expense of the Canadian National Railways.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120240



TELEGRAPHS (RAILWAY AND COMMERCIAL)

This subject was dealt with by Mr. D. L. Howard, Assistant to General Manager, Communications, Canadian Pacific Railway (pages 945 to 965)

He stated that the estimated net saving in commercial service was $798,133, to which was added a saving of $149,635 for railway service telegraph, making a total of $947,768 net saving due to unification of telegraph services. Shortly after this estimate was made a joint committee of Canadian National and Canadian Pacific Telegraphs officers was set up and their agreed joint estimate was $1,011,000. That committee also estimated that savings from co-operation of the two telegraph companies would amount to $220,000 per annum.

Mr. Howard informed the Committee that since these figures were prepared there had been no permanent change in conditions which would reduce the estimated savings. On the contrary, there have been changes which would materially increase the figures. For example, large capital expenditures have been made for duplicate broadcasting equipment and stock ticker service.

He added that during the five-year period 1933-1937 a total of 335 employees left the Canadian Pacific Communications service on account of retirement, resignations or death. As the total number to be released under the 1932 report was 445 and as it was jointly estimated it would take five years to put the two systems together the combined attrition in the two companies would more than take care of the labor situation during the process of unification.

Mr. Howard also referred to the apparent difficulties in connection with the Montreal Telegraph lease which had arisen when unification was being considered, and at the close of his evidence (p964)a letter from the Presi ent of that Company was read

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120241

by Colonel Biggar, which indicated that these difficulties could be overcome.

No exception to Mr. Howard's evidence was taken by any subsequent witness.

## EXPRESS OPERATIONS

Mr. T. E. McDonnell, President of the Canadian Pacific Express Company, showed in his evidence (pages 720 to 736) that the method of arriving at the estimate was to list competitive express agencies and determine how much should be added to the agency expenses of the Canadian Pacific to take care of the volume of traffic handled by the Canadian National. Divisional supervisory offices were then gone into, adding to Canadian Pacific expenses what would be required for a consolidated company. The same method was used as to headquarters offices. The final result was a saving of $1,450,000.

At about the same time a separate estimate was made on the basis of savings with combined express companies without unification of railways. This was presented to the Duff Commission and amounted to $900,000. Following that a joint co-operative express committee agreed that such savings would be $1,000,000.

Mr. McDonnell stated that if no line abandonments were made the estimate of $1,450,000 would be reduced by $135,000.

He added that the Express Company's staff records show that in the next five years the number of retirements, resignations, dismissals and deaths on a life-expectancy basis will be greater than the number of displacements from unification.

No evidence was produced which was at variance with Mr. Mr. McDonnell's submissions.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 20242



COLONIZATION, DEVELOPMENT AND INSURANCE

Mr. S. J. M. Liddy gave evidence as to this item (page 903), which shows a saving of $300,000. He pointed out briefly that the duplication of the work of the departments dealing with the above matters was self-evident and that their consolidation would effect economies in administration.

Mr. Cooper (pp. 1161-2) believed that the item of $200,000 for Immigration, Colonization and Development should be eliminated on the ground that the Canadian Pacific used part of this expenditure in connection with its land operations and ocean steamships activities, and further that the Canadian Pacific had heretofore charged the entire Colonization and Immigration expense to Land Surplus and not to Railway Operating Expense. Mr. Liddy points out that these arguments have no bearing on whether or not economies would arise in this item through unification. The only question involved is whether or not unification would permit a reduction in expenditures now being incurred for this purpose by the two railways. Mr. Cooper argues that the decrease in colonization activities since 1930 has narrowed the field for economies. However, Mr. Liddy's submission is that with a return to 1930 level of business, expenditures on Immigration and Colonization for separate operation would again increase, and unification would permit of smaller expenditures.

INTEREST ON RELEASED STORES AND TRACK MATERIAL

Mr. Liddy dealt with this item on pages 903 and 904. The saving of $1,700,000 was an Engineering estimate of the net salvage value of material that would be released on the abandoned lines, and shows also a reduction in materials and supplies made

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120243



possible by consolidation of supply depots. This makes possible a reduction on released stores and track materials of $34,000,000, which, at five per cent interest, gives an annual saving on the investment of $1,700,000. Mr. Vaughan questions this estimate on the grounds that permanent reductions had already been made in Stores and Track Materials. However, the Canadian Pacific officers are still of the view that the reductions which have been made cannot be regarded as permanent, and that the estimate fairly represents what can be saved under normal conditions.

## INTEREST ON REDUCTION IN INVESTMENT IN EQUIPMENT

Mr. Liddy stated at pages 904 and 905 that the saving of $4,650,000 was predicated on the fact that the quota of locomotives and cars required to operate the unified system would not be as great as for the two systems operated separately since there would be a reduction in train and car mileage. The released units were appraised at average book values, and the saving shown was the interest on the reduction in investment so calculated.

Mr. Liddy added that as the unified railway would not have to purchase new equipment for a period, the real measure of savings would eventually be the cost of new equipment, not an average cost on book figures. Using the higher current values, a saving of $7,600,000 would be made. In other words, on a realistic basis the Canadian Pacific estimate was $3,000,000 too low.

Mr. Vaughan argued (page 1242) that in view of the substantial reductions made in the equipment inventories in both companies since 1930 the economies would not be possible to the extent indicated. Mr. Liddy's view is, however, that the reductions since 1930 have only an indirect bearing upon the further reductions which would be possible should the railways be placed under unified management. In the original estimate the savings in units due to unifying the systems were taken merely at the locomotive and car mileage percentage reductions possible under

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120244



unification . This method of calculation made no allowance for the greater utilization of equipment possible under the unified management, Therefore, notwithstanding the reductions which have taken place, Mr. Liddy believes there is no reason to consider that the number of units which would be released through unified management should be altered in any manner.

## ESTIMATED SAVINGS FOREGONE IF MILEAGE NOT ABANDONED

At the end of Mr. Liddy's evidence (pages 905 and 906) he filed Exhibit No. 70 (page 943) which showed that if none of the 5,013 miles were abandoned but were instead continued in operation with a tri-weekly train service, the total cost of maintenance and operation of this mileage would be $7,248,798. If the mileage included in the Canadian Pacific study but not in the Canadian National study of unification savings were continued on a tri-weekly basis the cost of operation and maintenance would be $4,213,090. These calculations were made on an estimated cost per train mile of $1.75.

Mr. Liddy emphasized the fact that in these estimates no credit had been offset against the total cost for any revenue earned by the operation of the trains. Should any of the lines included produce substantial earnings, these earnings would more than offset any miscellaneous items which might not have been included in the $7,248,798 cost of train service,

Mr. Hungerford was questioned by the Committee (page 1070) as to his views on this estimate. He expressed the view that the amount stated to be the cost of maintenance and operation was too low, but admitted that this was an off-hand opinion.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120245

Mr. W. M. Neal, Vice-President, Western Lines, Canadian Pacific Railway (pages 979 to 1003) presented impressive evidence confirming the care and accuracy that governed the preparation of the Canadian Pacific estimate. He emphasized the fact that the methods used were those employed from day to day in the conduct of the Company's business, absolute reliability being an essential.

To obtain a clear picture of the total revisions made by the Canadian Pacific witnesses in the original estimate of $75,373,000, the itemized statement read into the Record by Mr. Neal at pages 983 and 984 is of value. It shows that the total deductions from the original figure made in the light of subsequent experience are now calculated at $4,801,000, whereas the total increases amount to $9,056,000. Taking into consideration all the evidence and bearing in mind that the estimates of the various witnesses are not by any means exhaustive as to the possibilities of savings, it may be said with confidence that savings due to unification on the 1930 level would not be less than the figure presented to the Royal Commission.

It was also pointed out at page 985 of the Record that under 1937 conditions the estimate of savings would be reduced to $59,740,000, assuming that the savings would be reduced in proportion to the reduction in expenses. Mr. Fairweather, at page 206, expressed the opinion that the savings would be reduced in proportion to the reduction in expense.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120246

Extracts from the evidence of George M. Harrison, one of the labour members of the Committee of Six appointed by the President to study the transportation situation, given before the Committee on Interstate Commerce of the United States Senate during hearings on Bills to amend the Interstate Commerce Act.

---

Page 34 "Our experience in the past has been that when there have been railroad consolidations, there have been increases of fixed charges and increases of burden. We have found that one railroad would lease another, would guarantee the interest on the bonds, would stand behind the principal, and would guarantee the interest on that stock. We think that is wrong. Senate bill 2009 covers those principles; and I think they are good principles and undoubtedly are in the public interest and are necessary.

"Now, we realize that to the extent there are unifications made and the extent that they can be shown to be in the public interest, railroad labor will be adversely affected. So we say that the Interstate Commerce Commission shall have the authority - and that is in the report - to provide for reasonable provisions for the protection of labor. The Commission now has that authority, but it is disputed by the railroads. The Committee of Six agrees that labor shall be protected in those measures authorized by the Commission.

"In the report of the Committee of Six we do not undertake to lay down the specific, detailed protection that should be accorded labor by the Commission, but we were much of the opinion that in prescribing the protection the Commission would undoubtedly follow what seems to be generally the practice; and that is represented in an agreement that now exists between substantially all of the railroads and all of the employees' labor unions. It provides a schedule of benefits and protections.

"So to that extent I think the interest of labor will be protected, the public interest will be protected, and the opportunity to eliminate some bad situations in the railroad transportation machine will be available.

"Recently we have had some railroads that have had to quit doing business; they just could not survive on the volume of traffic. In such a case, probably a merger could have been made in the public interest; it would have been a good thing for some other railroad to take it over; but because of the restrictions and the difficulties involved, nothing could be done about it. I should look for a strengthening of the railroad situation,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120247

Page 34 cont'd

when those unsound segments finally, through the process of elimination, are gotten out of the picture. I think that will strengthen the whole railroad transportation machine."

Page 36:

"Now, that noble experiment of coordinating the physical facilities was probed and enjoyed for 3 years under the Emergency Railroad Transportation Act, to which I made reference earlier in my testimony, through the office of the Federal Coordinator of Transportation."

"The Committee of Six, based on their practical experience, have said that there is nothing to that suggestion of coordination of the physical facilities, and the Committee of Six has endeavored to point out that there are so many difficulties involved and so many conflicting interests that there is not much that can be done in that direction, and the committee points out particularly the effect upon communities and the effect upon service and competition and the impossibility of accommodating the interests of the various carriers who may be called upon to surrender some advantage they possess in a given situation to bring about physical coordination."

"Then our primary objection to the whole theory is in principle, as I indicated earlier today, that we have this tremendous investment in the railroad plant, and we much prefer to try our hand at finding some way to profitably employ the existing plant rather than to reduce it in undertaking to continue the investment without its productive use, together with a possibility of expanding other transportation facilities, and I wanted the committee to know that railroad labor is absolutely opposed to the theory and practice of coordination. We rather believe, as practical men, that if there is anything in this situation, the way to accomplish it is through such consolidations as can be shown to be in the public interest, thereby getting a real solution of that difficulty. "

"Of course, if coordinations may be subsequently written into this bill over the objections of railroad labor, why, we would anticipate that the committee would look with favor upon the same considerations and protections being accorded the interest of labor that might be adversely affected pretty much along the same general approach as we had, provided that labor is protected in consolidations when they are made."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120248



Page 37:

"If you can take these financially weak railroads that are operating in a territory where rail transportation is essential and still the traffic is light, and have some of the stronger roads absorb those weak roads, you will be doing a real job for transportation and for the employees and for the public, and that is the real scientific approach to a solution as we see it.

"Now, if you get around in the various terminals and undertake to coordinate the physical facilities, you do not remedy the trouble that bothers you. The trouble that bothers you is the unfavorable financial results, and there is not enough involved in the possibilities of coordination to even begin to scratch the surface of a remedy. That is not only my opinion as a representative of labor but it is the opinion of the managers of the industry." } 3

Page 38:

Senator Reed: "Having run into your brotherhoods at different times in my career, I think I understand their approach, which again is an approach of maintaining employment as stable as possible but if in the working out of this problem it became necessary or desirable to have unification and if the men who were displaced by unification or consolidation were taken care of by a reasonable adjustment, such as you now have with the management, would that not largely take care of the labor situation?"
Mr. Harrison: "I think in the main, Senator --"
Senator Reed: "Thank you, very much.
Mr. Harrison (continuing). -"that it protects labor."
Senator Reed: "Thank you, very much. We all want to protect labor. There is no unfriendliness among us. I am one, if you please, who believes there is no answer to this railroad problem except consolidation or, prior to consolidation, a very substantial unification of facilities, so as to reduce the operating expenses and the cost of service down to a point where the railroads can sell more service."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1/#9

## QUESTIONS FOR MR. HUNGERFORD

120249

QUES. 1: You expressed to the Royal Commission the belief that there would be no way of dealing with the railway problem except a larger volume of traffic for the railways. Do you still hold this opinion?

QUES. 2: Do you not believe that important savings could be made, for example, by substituting one supervisory organization for two?

QUES. 3: Do you not agree that it would be possible to increase net earnings by rerouting and consolidation of traffic, so as to use the most advantageous lines, and use engine capacity to the maximum?

QUES. 4: Do you not agree with the late Sir Henry Thornton, in his evidence to the Royal Commission, that in this way, even if no lines were abandoned, great economies could be obtained by lowering the standard of maintenance on one of two duplicate main lines?

QUES. 5: Do you not believe that increased earnings for the two railways could be obtained by substituting use of their lines for that of connecting railways, as Mr. Jefferson pointed out?

QUES. 6: Do you not believe that important economies could be obtained by complete consolidation of telegraph services?

QUES. 7: Do you not believe that savings could be made by the abolition under unified management of duplicate ticket offices?

QUES. 8: In your evidence to the Royal Commission you said that savings in the amount of $60,000,000, which you mentioned, could not be obtained "under all the conditions" in this country. Were you referring to the possibility of local and sectional discontent?

QUES. 9: Assuming that these considerations are not a part of the question as it is put to you, and that you are only asked to say how much could be saved by unified management of the railways, without depriving communities of adequate service, or neglecting the rights of labour, where would you put the figure of possible savings under unified management?

QUES. 10: Would you suggest that savings by amalgamation of head offices, rerouting of traffic, greater use of lines of the Canadian railways, abolition of duplication of ticket offices and consolidation of telegraph services would produce any serious unfavourable reaction in Canada?

QUESL 11: If so, why? That is, do you believe that no savings should be made because each item of savings must affect the interest of some individual?

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

QUES. 12: Is it for this reason that you told the Royal Commission that, given a free hand, you would prefer the National Railways to be in the hands of a private corporation?

QUES. 13: Mr. Fairweather stated that the unification of express services was not desirable, and that greater savings than $900,000 per annum could be made by the Canadian National by unifying the operations of express and freight departments. Do you agree with this?

QUES. 14. Have you read the evidence of Mr. T. E. McDonnell, to the effect that this latter plan would not produce real economies?

QUES. 15. If Mr. Fairweather's theory is correct, why has it not been applied in the Canadian National?

QUES. 16. Are the policies of the Canadian National affected today by political pressure of any sort?

QUES. 17. Why does the Canadian National still maintain duplicate facilities at certain points - two round-houses, for example, at the Head of the Lakes, and two main shops in the Winnipeg area?

QUES. 18. Are you in favour of pooling of all passenger train operations, as recommended by Mr. Fairweather to the Royal Commission and to this Committee?

QUES. 19: Would you be in favour of Mr. Fairweather's suggestion to appoint a body to force co-operation on the railways?

QUES. 20: To the extent that either of these plans produced economies would not the effects on community and labour interests be the same as though the economies had been obtained by unification?

QUES. 21: If political pressure is the reason why economies cannot be made by unification, how would the over-riding authority, suggested by Mr. Fairweather, meet this condition?

QUES. 22: Mr. Fairweather suggested to this Committee that it might be necessary to limit the powers of the Board of Railway Commissioners, in order to obtain the abandonment of lines in some cases. Are you in favour of this?

QUES. 23: Is it not a fact that the Board of Railway Commissioners might refuse permission to abandon a line as a result of independent applications by the separate railways, because adequate provision was not made for a substitute service, while the Board might agree to abandonment of the same line under unification?

QUES. 24: Have any applications under co-operation been refused?

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120254

QUES. 25: Do you consider it within the duties of officers of the Canadian National Railways to consider the political effect of economies?

QUES. 26: Do you not believe that unification permits of economies which could not be made under co-operation?

QUES. 27: What about the duplicate Head Offices?

QUES. 28: Have you examined Sir Edward Beatty's statement that present labour attrition exceeds the rate at which staff reductions need be made under unification?

QUES. 29: Do you believe that unification, as recommended by Sir Edward Beatty, to the extent of saving $75,000,000 per annum in normal times, would involve the throwing of thousands of workers out of employment?

QUES. 30: If so, can you give us figures to disprove Sir Edward Beatty's calculations?

QUES. 31: Were you familiar with the process of preparing the estimate of $56,000,000 savings from unification submitted to the Royal Commission?

QUES. 32: Have you any reason to believe that this estimate was not prepared as a serious one?

QUES. 33: Was it not prepared on the initiative of Sir Henry Thornton, before the Royal Commission was appointed?

QUES. 34: Was not the study of possible abandonment of 2,434 miles of railway initiated by the Canadian National, before the suggestion had been made by Sir Edward Beatty, or the Royal Commission?

QUES. 35: If political considerations, such as preventing men from being thrown out of work, affect the operations of the Canadian National, would you care to fix a figure of their effect? That is, would you care to say how much money the Canadian National spends in a year because its officers feel that it is their duty to do more than run a railway economically?

QUES. 36: In view of your opinion as to possibility of savings by eliminating duplicate head offices, by rerouting and consolidating traffic, by lowering the standards of maintenance of redundant lines, by consolidation of telegraph services, and by a greater use of Canadian instead of foreign railway mileage, are you prepared to endorse Mr. Fairweather's statement that only $10,000,000 per annum could be saved by joint action of the railways under coercion?

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

10252

QUES. 37: Were you given the task of co-ordinating railway services in Canada, so as to give the country adequate railway service, without any instructions to consider political effect, could you not save much more than $10,000,000 per annum?

QUES. 38: The Canadian Pacific estimate of savings is based on the assumption that 1930 would be a normal year. What do you think of this assumption?

QUES. 39: If it is too much to hope for the restoration of traffic levels such as those in 1930, what hope is there of increasing traffic placing the Canadian National on a paying basis?

QUES. 40: If it is true that 1930 levels may be exceeded, would not the savings from unification be greatly increased?

QUES. 41: Is it not a fact that, at traffic levels such as would make the Canadian National a paying undertaking, the possible savings from unification would be very large indeed?

QUES. 42: If you have no other suggestion to make for solving the problem before this Committee, do you see any reason why the Government of Canada should not authorize representatives to discuss unification with the Canadian Pacific Railway; to obtain an agreed estimate of the savings which might be made; and to work out a plan of division of savings which could be submitted to Parliament?

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

#2

120253

Paragraph 1. Mr. Hungerford implies that the Canadian National officers gave evidence that the Canadian Pacific estimate was "unsound and largely impracticable of accomplishment". Actually, the Canadian National officers' criticisms of the Canadian Pacific estimate dealt with details - except as far as the general criticism was offered - that independent economies of the both systems had already made many of the savings contemplated by the Canadian Pacific. The Canadian National officers, in their evidence before the Committee on the Canadian Pacific estimate of savings, did not discuss the practicability of the savings suggested by the Canadian Pacific.

Paragraph 2. No general criticism of the savings was offered distinguishing between theoretical and practical savings. Mr. Hungerford did offer a statement of opinion on this point in his own evidence. The Canadian National officers, in their detailed examination of the Canadian Pacific estimate, confined themselves entirely to offering figures of the savings under various headings which, in their opinion, were nearer correct than the figures offered by the Canadian Pacific.

Paragraph 3. Mr. Hungerford, despite the long debate on the question, now admits that he is not making a rebuttal. He argues (a) that he cannot make one because the Canadian Pacific did not say precisely where the physical change would be made which permit the savings. The Canadian Pacific objected to doing this because the statement that, for example, a certain train service would be eliminated, or a certain shop closed, would create local prejudice against them. It should be remembered, of course, that the Canadian Pacific was, for example, merely saying that so many train miles of certain duplicate services could be eliminated, or so many duplicate shops closed. They had to base their estimate on actual studies, but the savings could equally well be made by eliminating the other train services, or closing other shops than those which they were considering. By giving details of location of their physical changes, they would be exposing themselves to criticism,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

U 20254

although the unified management might make equivalent savings by alternative changes. Mr. Hungerford's reason for not making a specific surrebuttal to the Canadian Pacific's specific rebuttal of Canadian National criticisms does not seem to have any point. Mr. Hungerford argues (b) "that the test of the value of the $75,000,000 is not primarily a question of figures, but is one of the practicability of what is proposed to be done". The Canadian National officers were called, as Senator Dandurand so often said, to test the figures of the Canadian Pacific estimate, and departmental officers corresponding to the witnesses of the Canadiam Pacific were called for this specific purpose. What Mr. Hungerford is now saying is that they did not accomplish this.

Paragraph 4: Mr. Hungerford brings up the 5,000 mile abandonment, and again repeats the statement that $16,366,000 per annum savings were dependent on this. Sir Edward Beatty pointed out (Page 582, Proceedings, 1938) that "the figure included the net savings in maintenance of equipment and transportation expenses due to rerouting traffic and cancellation of trains on these lines, although much of this saving would be accomplished following unification whether the lines were abandoned or not". The Canadian Pacific later estimated actual reduction in the estimate of $75,000,000 which would result if no line abandonments were made as $7,240,000. (Page 906, Proceedings, 1938).

Paragraph 5: Mr. Hungerford objects to the Canadian Pacific quotation of Mr. Fairweather's estimate of $56,230,000, on the ground that Mr. Fairweather has stated that "much of what was discussed therein was impracticable of accomplishment". This might be contrasted with Sir Henry Thornton's testimony to the Royal Commission (Pages 1038-1039, Proceedings, 1938), as follows:

> "Amalgamation under some unified form of administration will, in theory, produce the maximum of economies of which a material proportion will doubtless fructify. It has been estimated that these economies would yield a return of something like $60,000,000 per annum, increasing progressively from the first year, and reaching the figure named perhaps at the expiration of a five-year period. Whether all of this sum can be salvaged by amalgamation is arguable, but whatever it may be it should not be ignored in the discussion, and it would represent after its full attainment a continuous and annual return."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120255

His reason for discarding it as a solution ~~is~~ that it was "politically impracticable", not that it was theoretical and unattainable.

Paragraph 6. Mr. Hungerford says that the Canadian Pacific estimate of savings is "based upon drastic reductions in the quantity and quality of railway service", and this language is repeated, in one form or another, throughout his letter. On this point Mr. Hungerford is merely confusing two types of economy. Since 1930 both railways, acting independently, have made substantial economies, and since the two railway systems offer duplicate services in almost all parts of the country in competition with one another, the greatest field for independent economies has been in those branches of railway service which ~~is~~ are non-competitive. The reason is obvious, since, if saving is made in competitive services, the company making the economy suffers in the competition for business. On the other hand, unification economies, estimated to amount to only 15% of the operating expenses of the combined systems, arise solely in those fields of railway activity which are competitive and duplicating. Therefore, the fear of drastic reduction in the "quantity and quality of service", is far less in the case of unification economies than in the case of unilateral economies already made in non-competitive fields. A typical unification economy would be the pooling of Toronto - Montreal services. This has certainly not resulted in a drastic reduction of either volume or quality of service. Another example would be the opportunity available to provide the City of Montreal with unified terminal facilities. We might contrast with these the economies made since 1930 by the reduction of the volume and quality of service on non-competitive branch lines by both companies.

Paragraph 7: Mr. Hungerford argues that the Canadian Pacific rebuttal is simply playing upon words when it says that Canadian Pacific costs "were not applied to Canadian National operations, but to a new unified system". There is no playing ~~of~~ on words. Unification of the railways would not be, as Mr. Hungerford

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J 20256

says, "a mere change of names". It would be a radical change of conditions, and in the cases where the Canadian Pacific estimate used Canadian Pacific costs as a basis, the assumption was made that a unified system would have operating conditions at least as favourable as those of the Canadian Pacific.

Paragraph 8: Mr. Hungerford argues that the Canadian Pacific is wrong in saying that the differences in physical characteristics, traffic and operating problems between the two systems "are compensating or in total are unimportant". He bases this on his statement that the Canadian National "has special problems which confront it in rendering pioneering and national transportation service to much of Canada". The Canadian Pacific has services of this kind to render also, but the important point is that unification savings are not based on any assumption that pioneering and national transportation services will be reduced or abolished.

Paragraph 9: Mr. Hungerford brings up the argument that unification would result in disadvantage to the national welfare, because it would entail the use of less manpower than under existing competitive conditions. This is a statement which defies all accepted economic principles. If it were true, the country would be better off if it took twice as many farmers to producerour present crops, and twice as many workers to give us our present volume of manufacturing and mineral production. It obviously cannot be correct, and it would be immeasurably better for Canada to have railway labour stabilized at a level which the industry can support than to maintain an artificial employmemt level in unproductive and wasteful effort. The accepted principle that suitable compensation would be provided to displaced employees during the period of readjustment should dispose of this point.

Perhaps the most interesting point in all Mr. Hungerford's letter is that at which he says that "public interest can never be reduced to the confines of an estimate prepared by railway technicians, however expert they

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120257

may be, but, on the contrary, must necessarily be determined by public authority". In what capacity does Mr. Hungerford appear in this question? Is he a railway technician? In that event, his dicta of what is practicable or impracticable in the public interest must be judged by his own standards as to the limits of what railway technicians are capable of doing. It is as railway technicians that he and his officers criticized the evidence of Canadian Pacific officers. If, on the other hand, Mr. Hungerford is offering opinions as to what the national policy should be, he appears to be usurping the functions of Government and of Parliament.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEMORANDUM

120258

1. "To many Canadians it will doubtless be news that the Canadian National Railways have no operating loss and that the deficits, about which so much has been heard and which admittedly have such a serious effect upon our national finances, pertain entirely to interest charges due public investors and relate for the most part to former privately-owned lines which the government took over and continued in operation in the national interests."

Comment

(a) A play is made on term "operating loss" which is computed before taxes, equipment rents and other similar items which are an integral part of the results of running the enterprise. Taking these into account in 1938, the Canadian National Report (Page 13) shows a deficit of $1,019,255 before Fixed Charges, which totalled $53,451,741. The total cash deficit was, therefore, $54,470,096 before any interest on the money invested by the Dominion in the so-called "Proprietor's Equity"; i.e., on the large investment by the Dominion Government in Government Railways plus moneys advanced to the Canadian National but no longer charged as part of that system's liabilities. These items amount to a very large sum which, in essence, represents borrowings by the Dominion Government from the public on which the Government has to pay interest, although this interest is not annually charged as part of the Canadian National deficit.

(b) The privately owned lines were taken over on the strength of the recommendation of the Drayton-Acworth Commission, which stated (page lxxii):

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120259

"We have recommended that the Intercolonial and the Transcontinental lines should be handed over free of cost for the reasons which we have given above. But we think it should always be borne in mind, both by the trustees and by the public, that the real capital of the new system includes the cost of these lines. In other words the trustees are responsible for a return, not merely on the capital of the companies' railways acquired, but also on the capital invested in the Government railways. For though the Government railways have no separate capital account, properly so called, their construction has cost the people of Canada $276,000,000, and the people of Canada are paying interest on this amount every year out of the general taxation of the country."

Not only has this recommendation of the Royal Commission been ignored in the present accounting system of the Canadian National Railways -- since no interest is charged by the Government on the former Government Railways now included in the system -- but Senator Dandurand's language would indicatethat he wishes the public to believe that it is a satisfactory result for the Canadian National to meet actual operating expenses, and return no interest on any part of the cost of the great physical property of which it has the use.

2. "It is important also to bear in mind that the interest referred to is guaranteed by the government of Canada and is a continuing obligation regardless of what disposition be made of the National lines."

Comment

That is true but it is noted that concurrently the suggested method whereby large economies could be effected to reduce the burden of these guarantees is rejected.

3. "The Committee was impressed with the large measure of public service rendered by the Canadian National Railways in the interests of pioneering and development, the cost of which is included in the deficits referred to." "It has been utilized as an instrument of national development and obliged to operate extensive mileage for reasons of national policy."

Comment

No evidence was produced to the Committee to show that the National Railways carry a much greater burden of light traffic lines than do other railways. The Duff Report (page 33) shows Canadian National light traffic

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120260

mileage as 42.92% of the total, whereas the Canadian Pacific had 36.82% of similar lines. In view of the respective net earnings of the two systems, it would appear that its light traffic mileage is an inadequate defence of operating results of the National, and, in any event, the fact that the system has a large percentage of lines of poor earning capacity would appear to be an argument for, not against, a serious effort to reduce the costs of operating it.

So much has been said of the "pioneering and development" services of the system that it should be pointed out that no analysis of the amount of these services is or could be made available. It is a fact that much of the excess of duplicate railway services in Canada results from the construction and present operation of too many main through routes to handle the traffic available. On mileage of this nature, some pioneering and development may have occurred, but it is incorrect to give the impression that there is a prospect that such lines may reasonably expect to become profitable as pioneering and development in their territory increases. The Canadian National lines from Red Pass to Prince Rupert; from Red Pass to Vancouver; its two main lines from Winnipeg east to Long Lac; the line from Long Lac to Capreol; and the National Transcontinental line from Quebec to Moncton are not likely to become profitable ventures as a result of pioneering and development in their territories. In short, the theory of pioneering and development as a national service which justifies independent operation of the Canadian National System has no foundation -- especially in view of the fact that there is no more reason for any lines serving pioneer areas to be abandoned under unification than there is for them to be abandoned under present conditions. The existence of lines of a pioneer type, as far as this existence is real, can be better guaranteed if the Canadian National net earnings be increased, than under present conditions.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120261

4. "It is felt that it would be disastrous policy to attempt to eliminate railway deficits by the withdrawal of essential railway facilities."

Comment

The withdrawal of essential railway facilities is not a part of any plan of unification of railways. In any event, no such withdrawal could occur without approval of the Board of Transport Commissioners.

5. "The Committee was impressed also with the great potential value attaching to National lines which are located so as to make possible the development of the immense mining and forest areas of Northern Canada. The National Railways was splendidly located for the future development of the Dominion, and if the evidence taken by the Committee should do nothing more than direct attention to the potential value of the National Railways to the future of Canada it will have served a useful public purpose."

Comment

No witness was asked to put a figure on the amount of this potential value or date when it would be realized upon so that it might be clear whether by itself it would be sufficient to relieve the national burden. As, however, it will not be destroyed, it is not a proper argument for avoiding increasing the value of all the National Railway operations by the other means which have been suggested.

It is particularly important to note that the mere fact that development of natural resources occurs along the lines of the Canadian National in the North is not evidence that this factor can be depended upon to eliminate the deficits of the system, or even to reduce them. For example, some evidence before the Committee stressed the importance of the service rendered to the nation by the National Railways in providing access to the Noranda Mine. It

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120262

should not be forgotten that, had the National Railways not provided this access, it would, as has actually occurred, have been provided soon after by the Temiskaming and Northern Ontario Railway, while the profitable nature of the Noranda Mine exploitation would have ensured that the interests in control of that property could and would have provided railway service to it, had no railway company been willing to do this.

It is particularly impressive that, despite the very profitable nature of this development, the Canadian National branch line serving it and built for this special purpose, is one of those quoted by the Canadian National as constituting a burden on the system. Since, in such an outstanding case as this, the construction of a developmental line has failed to justify itself as a business proposition for the system, what hope is there that the general extension of mining and development along the lines of the Canadian National will prove the solution of the problem of its deficits?

It may again be pointed out that the greater the economy introduced into the operations of the whole system, the better will the National Railways be able to carry out developmental functions in the national interest without imposing any unnecessary burden on the taxpayers.

6. "By the provisions of this Act, the railways are now enabled to make contracts with shippers on an "agreed charge" basis for through business. It is too soon to determine the possible effect of this new legislation upon the situation, but your Committee is satisfied that the position of the railways today in the transportation field is quite different from that of 1925."

Comment

This statement would seem to imply that permission to make "agreed charges" places the railways in a better competitive position than they were in 1925. Actually, were "agreed charges" to enable the railways to recapture all the business they have lost to competitive

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120263

services since 1923, they would only be in as good a position as in that year. No one who appreciates the permanent nature of the development of highway transport and of the diversion of business from railways to ships as a result of the opening of the new Welland Canal, will have any hope that any method of rate making will enable the railways to recapture all the business lost since 1923. "Agreed charges" can accomplish no more for the railways than to enable them to check the increase of loss of business to competitive services.

7. "Unfortunately its debt and deficits seemed to stand as an indictment against its administration, and although Canadian Pacific business was also on the down grade, and was fighting its own battle, its contribution before the Committee focussed entire attention upon Canadian National Railway deficits as though they were the cause of all our railway troubles. The psychology of this situation placed the Canadian National Railways in the position of having to defend and justify its administration."

Comment

Except for a passing reference by Sir Edward Beatty in his sketch of railway history, there is no evidence on record before the Committee presented by the Canadian Pacific which draws attention to the Canadian National deficits. The terms of reference to the Committee say that it is appointed to "enquire into and report upon the best means of relieving the country from its extremely serious railway condition and financial burden consequent thereto". The exhibits prepared by the Dominion Bureau of Statistics and filed by Colonel Biggar at the beginning of the hearings in 1938 did describe the general railway situation and pictured the financial condition of the Canadian National. After that, the proceedings of the Committee followed the line defined by Senator Dandurand (page 1, Proceedings 1938): "We shall have to test co-operation as we have it under the Act of 1932-33, what it has done, what it is in the making, and what it can effect, and then we shall have to test the formula

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

12026.4

of unified management, which is Sir Edward Beatty's pet child".

8. "This campaign of propaganda has not only hampered the working out of co-operative arrangements but has also obscured theunderlying problem of the adjustment of the railway industry to the changed conditions brought about by the development of highway transport."

Comment

This is a mere repetition of a statement made by Mr. S. J. Hungerford in his surrebuttal, and is an expression of opinion not supported by any evidence produced before the Committee.

9. "The Committee inquired closely into these possibilities, from which it appeared that only a portion of the savings could be definitely measured, and these applied more particularly to road abandonments which, in the judgment of the Committee, could not be made."

Comment

Canadian National witness (page 197, Proceedings 1938) admitted over a thousand miles of railway could be abandoned under co-operative agreement. Obviously much greater mileage could be abandoned without affecting public interest under a plan of unified management.

It seems incorrect to say that the savings which could be definitely measured applied chiefly to road abandonments. Examination of the evidence in favour of the Canadian Pacific estimate shows that only 10% of the estimated savings would arise from line abandonment, and that savings of other types could be estimated with much precision.

10. "Thus it was impossible for the Committee to give consideration to the proposals included in the larger sphere of savings, and the reluctance of the Canadian Pacific to divulge this vital information because of possible public reaction did not assist the Committee to reach a conclusion favourable to unification."

Comment

This is an odd claim in view of the immense amount of detail furnished the Committee. It was pointed out by the Canadian Pacific

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120264

of unified management, which is Sir Edward Beatty's pet child".

8. "This campaign of propaganda has not only hampered the working out of co-operative arrangements but has also obscured theunderlying problem of the adjustment of the railway industry to the changed conditions brought about by the development of highway transport."

Comment

This is a mere repetition of a statement made by Mr. S. J. Hungerford in his surrebuttal, and is an expression of opinion not supported by any evidence produced before the Committee.

9. "The Committee inquired closely into these possibilities, from which it appeared that only a portion of the savings could be definitely measured, and these applied more particularly to road abandonments which, in the judgment of the Committee, could not be made."

Comment

Canadian National witness (page 197, Proceedings 1938) admitted over a thousand miles of railway could be abandoned under co-operative agreement. Obviously much greater mileage could be abandoned without affecting public interest under a plan of unified management.

It seems incorrect to say that the savings which could be definitely measured applied chiefly to road abandonments. Examination of the evidence in favour of the Canadian Pacific estimate shows that only 10% of the estimated savings would arise from line abandonment, and that savings of other types could be estimated with much precision.

10. "Thus it was impossible for the Committee to give consideration to the proposals included in the larger sphere of savings, and the reluctance of the Canadian Pacific to divulge this vital information because of possible public reaction did not assist the Committee to reach a conclusion favourable to unification."

Comment

This is an odd claim in view of the immense amount of detail furnished the Committee. It was pointed out by the Canadian Pacific

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120265

that the publication of certain details asked for by Senator Dandurand would affect its competitive position and Senators Meighen and McRae proposed that such information be furnished to the Railway Commission for examination and report. To this the Canadian Pacific offered no objection but Senator Dandurand opposed the suggestion, claiming that the details should be made available to the Committee so that they could be tested by the Canadian National experts (pages 757-763, Proceedings 1938).

11. "Further leading questions to the Canadian Pacific in relation to financial matters under unification, such as new capital requirements, refunding of Canadian Pacific maturing obligations in the event of unification, and the inevitable pledge that the government would be obliged to give in connection with the new borrowings, all remained practically unanswered."

Comment

Note the play on the word "practically". All questions asked on these points were answered, but it was, of course, repeatedly pointed out that such detail arrangements could not be worked out except by the two parties to the proposed contract in negotiation.

12. "It was contended by officials of the National Railways that all savings practical of attainment could be secured under a policy of enforced co-operation with respect to which it was held that savings of from $10,000,000 to $15,000,000 might be effected, even under present depressed condition of railway transport."

Comment

Mr. S. W. Fairweather (page 207, Proceedings 1938) gave an estimate of $10,000,000 savings from co-operation. He also gave figures of $24,000,000 and $35,000,000 savings from co-operation to the Royal Commission (page 206, Proceedings 1938). There is no record in the evidence before the Committee of an estimate of $15,000,000.

In connection with the whole question of the savings from

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

12026

co-operation as compared with those from unification, it may be noted that, as Senator Dandurand himself said to the Committee (Page 1389, Proceedings 1938), "greater economies can be more easily effected under unification". As he put it, "everybody sees that". As for the prospects of savings under co-operation, it seems proper to draw attention to a remark of the Minister of Transport, reported in Proceedings of the House of Commons Standing Committee on Government Railways and Shipping (Page 38, Proceedings, 1939). Mr. Howe said: "Considering all the disturbance up and down the country, and that they have saved less than two million dollars a year for both railways, I think if they had been allowed to run and had attended to problems within the railways with the energy with which they have been worrying about this co-operation, both railways would be much further ahead today". This does not sound as though the Minister of Transport was in accord with Mr. Fairweather, Mr. Hungerford, or Senator Dandurand.

The statement that all savings practical of attainment could be secured by co-operation leaves out of consideration the very obvious fact that the savings which could be made more easily and with the least disturbance to our economic system would be those which could be accomplished by amalgamating the head offices and supervisory staffs of the two systems. These savings, which would run into millions of dollars per annum of themselves, can obviously be made under unification but not under co-operation.

15. "Complaint has been voiced by members of the Committee that, though five years have elapsed since co-operation as a measure of government policy became effective, so little has been accomplished. That criticism would seem to lose sight of the fact that even under unification five years and more would be required to secure expected results."

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120267

Comment

The difference is that five years of co-operative effort have saved $1,900,000 per annum. Five years of unification effort can save an amount estimated by the Canadian National at over $56,000,000 per annum and by the Canadian Pacific as from $60,000,000 to $75,000,000 per annum. The precise amount of the savings cannot be determined, since Senator Dandurand has refused to encourage the making of an impartial expert study.

14. "The Committee feels that the situation may be ameliorated by co-operation aimed at elimination of duplicate services where no essential public interest is involved."

Comment

This is all that is contemplated under unification and by one general agreement eliminating conflict of interest the task which is impractical piecemeal is made possible of achievement.

15. "The recommendations thus referred to were embodied in the Statutes of Canada, but their working out has been thwarted and impeded by a desire of one of the railways to impose upon the people of Canada a policy rejected by the Duff Commission for the same reasons which compel this Committee once more to reject unification as a measure of national policy."

Comment

No evidence to this effect was produced before the Committee, and the draft report of the Committee as originally submitted by Senator Dandurand has been amended, on Senator Hugessen's statement that the picture given in the words above was unfair to the Canadian Pacific.

Sir Edward Beatty's remarks in this connection (page 1377, Proceedings 1938) are of interest:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120268

"The ingenious suggestion is offered that perhaps, if your Committee will express a firm opinion against unification, this would permit greater progress with co-operation. I have already pointed out that there has been no delay or lack of interest in connection with co-operation, on the part of the Canadian Pacific Railway. We believe in savings by co-operation, and only object to the present system because it is inadequate. Therefore, no statement that the complete co-operation known as unification is not to be tried would cause us to alter our attitude in respect of the importance of making any possible savings by incomplete co-operation. I do not see why fear of unification should limit the efforts of co-operation of the officers of the Canadian National - unless it is meant that, fearing that success in obtaining savings by co-operation may prove the advantages of unification, they have deliberately limited their efforts."

Evidence in connection with telegraphs (page 965, Proceedings 1938) and express (page 756, Proceedings 1938) clearly shows that the Canadian Pacific has vainly urged co-operative efforts on these items, on each of which $1,000,000 of economies have been estimated - by joint committees of officers of the two railways. Incidentally, if Senator Dandurand was referring to the Canadian Pacific as the railway which blocked co-operation, what has he to say about the Montreal Terminal? It was shown before the Committee (Page 448, Proceedings 1938) that the existence of independent terminal facilities in Montreal has played an important part in preventing a more complete pooling of passenger train services than has yet been obtained.

16. "that further and more serious attempts should be made to give effect to the letter and the spirit of the Canadian National-Canadian Pacific Act of 1933, the two railways to agree between themselves to a referee - preferably the Chairman of the Board of Transport Commissioners - for the adjustment of such differences as may arise concerning co-operative policies. That, in the opinion of the Committee, offers the only practical course looking to the improvement of our present railway difficulties."

Comment

Sir Edward Beatty's remarks in this connection (page 1376, Proceedings 1938) are of interest:

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120269

"In answer to enquiries from your committee, some of the officers of the Canadian National have suggested that the savings so far agreed upon under co-operation, of approximately $1,700,000 per annum, might be increased to $10,000,000 per annum, provided that some Board is set up which will relieve the railways of the odium of initiating economies. Since the Canadian Pacific has suggested that economies may be made of a much larger sum per annum, it must be clear that it does not fear this odium. The officers of the Canadian National may, but, since any form of co-operation, compulsory or otherwise, can only obtain its initiative from a suggestion from some quarter, it must be evident that to add a representative of the Government to the co-operative committees of the two railways is merely to suggest that the state must take over the burden of odium from the Canadian National Railways. After all, is this not merely to say that this department of Government is to be relieved from the duty of economizing ?"

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Pages 120270 - 120276

See pages 126658D - 126658J

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120277

# The Senate of Canada

SPECIAL COMMITTEE

*Appointed to*

Enquire into and Report upon the Best Means of Relieving the Country from its Extremely Serious Railway Condition and Financial Burden Consequent Thereto.

SUBMISSION BY

SIR EDWARD BEATTY

*Chairman and President*

*Canadian Pacific Railway Company*

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES

ARCHIVES PUBLIQUES

CANADA

# The Senate of Canada

120278

SPECIAL COMMITTEE

*Appointed to*

Enquire into and Report upon the Best Means of Relieving the Country from its Extremely Serious Railway Condition and Financial Burden Consequent Thereto.

SUBMISSION BY

SIR EDWARD BEATTY

*Chairman and President, Canadian Pacific Railway Company*

**HONOURABLE MEMBERS OF THE COMMITTEE:**

It is not my intention to take your time for any lengthy discussion of the events which led to the situation which your Committee has been appointed to examine. On the other hand, you may permit me, in order to facilitate my approach to the questions before you, to recite, briefly, certain historic facts.

**HISTORY:**

The Canadian Pacific Railway Company is not a corporation of an ordinary type. It is an institution created, to carry out a national purpose, by the joint action of the Government of Canada and private investors appealed to by that Government to assist it in fulfilling the terms of that other contract on which the existence of the Dominion as a nation depends.

You are all familiar, I assume, with the history of the circumstances in which the Canadian Pacific Railway was constructed. In order to obtain the union of the scattered Colonies of British North America, a contract was undertaken between their Governments, and part of that contract involved the construction of two railway systems. One was to connect the Maritime Provinces with Central Canada—using for that purpose a route which, to be entirely on Canadian soil, must, of necessity, be somewhat uneconomic. It was agreed that that railway should be constructed at the public expense, and the Intercolonial was thus built.

The other necessary railway project was one to connect Central Canada—and, through the Intercolonial, the Maritime Provinces—with the Province of British Columbia.

The history of this project may be summed up quite simply. The Government of Canada undertook to construct it as a public work, but, unfortunately, difficulties of construction and the resulting cost soon made it appear that the task might be one which might overburden the finances of a young nation and be so long drawn out as to defeat its object. So grave did these difficulties become, that the Government of the day found it necessary to abandon this form of project, and to invite private interests to participate in the work.

As you are aware, the original railway system of Canada was the Grand Trunk—a corporation financed in England, which, in obtaining a convenient route between the Middle West of the United States and the American seaboard, had found it advisable to pass over Canadian soil, and which, in this somewhat indirect fashion, became an important factor in transportation in the present Provinces of Ontario and Quebec. That Company was offered the right to participate in constructing a transcontinental railway system. Because its proprietors did not believe that such a project would be economical, if the line were constructed entirely on Canadian soil, the Grand Trunk refused the invitation, and, indeed, used its great influence in the financial markets of England to discredit any possibility of success for a company whose lines were constructed entirely on the soil of the Dominion.

The Dominion Government, regarding this condition as an essential of the construction of a national transcontinental railway, abandoned negotiations with the Grand Trunk, and succeeded in inducing a group of Canadian business men to undertake the rash adventure of building a railway from Montreal to the mouth of the Fraser River.

It is thus a fact that the Canadian Pacific Railway is the first and most vital of all the public works of the Dominion of Canada. Its relations with the Government were established by a formal contract, and while details of the terms of that instrument have been varied from time to time, the Company holds, as both a right and an obligation, the status of a public enterprise constructed primarily to assure the country adequate transportation facilities. It was quite realized by the Government of the day that private capital used for this purpose was entitled to make legitimate profit. Indeed, there is no better evidence of this than that the Government agreed to transfer to the syndicate the completed portions of the railway, a sum of



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120279

money in cash and certain Crown lands—not as a gift, but as a condition of a contract.

At the time that this transaction was undertaken the only comment made was concerning the rash spirit in which the syndicate had undertaken its obligations. Fortunately for them, and for the Dominion, the adventure proved one of modest profit, and the syndicate, through its successors, the Canadian Pacific Railway, has been able to fulfil the onerous obligations which it undertook, not only up to the letter of the contract, but far beyond that.

It is not my intention, if your Honourable Committee will permit, to explore any further than this the causes which have led to the existing railway problem, and to my attempt to offer a solution. With your consent I should like to confine my evidence to explaining the origin, the nature and the effects of the solution which I suggest.

## THE SHAUGHNESSY PLAN:

As you are aware, the first formal suggestion made, on behalf of the Canadian Pacific Railway, looking to unified operation of the two railway systems, was that made by the first Lord Shaughnessy in a memorandum addressed to the Government on April 16th, 1921. At that time the country was just emerging from the primary effects of the Great War and the economic outlook was wholly unsettled. The suggestion was substantially that the Canadian Pacific Railway lines should be transferred to ownership of the Government; that the Government would, as a *quid pro quo*, agree to guarantee a fixed annual dividend to the shareholders of the Canadian Pacific in perpetuity. There was the further suggestion that, in order to avoid any danger of political interference, the Canadian Pacific Railway should be given a contract to operate the combined systems.

## THE SENATE COMMITTEE, 1925:

In 1925 a Committee of your House was appointed to consider the question anew, and in due course a report was prepared and recommendations were made that the two railway systems should be merged for purposes of administration and operation under the direction of a Board of fifteen directors—five named by the Canadian Pacific Railway, five named by the Government, and five chosen by the first ten; that the Canadian National Railways be recapitalized; that the Canadian Pacific Railway be guaranteed an agreed dividend on its stock, and that, in the event of a surplus being earned, a dividend at the same rate as paid to the Canadian Pacific Railway be paid to the Government on the new capitalization of the Government railways. After the payment of these dividends, any surplus would be divided between the Canadian Pacific and Canadian National Railways, in proportion to the valuation of the two systems. This Report was concurred in by your Honourable House.

The year 1925 happened to be that in which a temporary return of prosperity to the world produced conditions in which the pressure of the railway problem was forgotten. It ushered in the period in which the Government authorized very large expenditures upon its railway activities.

## THE ROYAL COMMISSION, 1931-2:

By 1931 depressed conditions of business made it clear that a railway problem still existed, and, in discussing this matter with the late Sir Henry Thornton, I suggested to him that he should propose a Royal Commission to investigate means for providing relief for railway losses. The result was the Royal Commission to Inquire into Railways and Transportation in Canada.

This Royal Commission brought in a Report—to my surprise, in view of the trend of the investigation—in which the idea of unification was set aside on the ground that the time was not opportune. It is well known—indeed, it is indicated in the Report—that opinion of the Commission was divided. The country had only lately experienced the onset of depression, and, in 1932, it was not unusual to hear the suggestion made that, within a year or two, the Dominion would enter on an even greater period of expansion and prosperity than it had ever experienced. It was, indeed, not unusual to find those who really hoped at that time that improving business conditions would soon place the Canadian National Railways on a sound earning basis.

In the circumstances the Royal Commission recommended the establishment of a system providing for more or less enforced co-operation between the railway companies.

I ask your Honourable Committee to note that the suggestion so often made to the effect that the Royal Commission condemned unification is not correct. Some members of the Commission—in the words of the Report—"Would have preferred a plan which would have established a complete dissociation of the Government of Canada from the responsibilities of competitive railway management, or of any direct interest therein." The Report was frankly a compromise, and it was made because the Commission hoped that it would, in their words, "afford early relief to the Federal Treasury." In addition, the Commission said "We feel compelled, as a matter of public duty, to strike a serious note of



120280

warning to the people of Canada. Unless the country is prepared to adopt the plan we have proposed, or some other equally effective measures, to secure the efficient and economical working of both railway systems, and thereby not only reduce the burden on the federal treasury but improve the financial position of the privately-owned railway, then the only courses that would be left would be either to effect savings in national expenditures in other directions, or to add still further to the burdens under which the industries of the country are suffering by the imposition of yet further taxation. Failing the adoption of one or other of these courses, and there are obvious limits to their application, the very stability of the nation's finances and the financial credit of the Canadian Pacific Railway will be threatened, with serious consequences to the people of Canada and to those who have invested their savings in that railway."

In the course of its hearings the Royal Commission heard evidence, among other, from the late Sir Henry Thornton and myself. In preparing this evidence we were both endeavouring to accede to specific requests made by certain members of the Commission, as well as to give evidence along general lines. Sir Joseph Flavelle, for instance, was very anxious to obtain information as to the savings which might result from unified operation of the railway systems.

The then President of the Canadian National stressed several points. One, that, while the depressed business conditions of 1931-1932 had brought the matter to a head, this had merely aggravated existing conditions. Two, that the Canadian railways were, in his opinion, "subsidizing out of their earnings the shippers of grain and grain products of Canada," and that "as far as the Canadian National is concerned" the public "can have low freight rates, unremunerative operation and increased taxes, or they can have higher freight rates, remunerative operation and lower taxes." He stressed especially the fact that the Canadian freight rates are lower than those of the United States. He pointed out particularly that the two competing railways must maintain the same freight rate structure. In the third place, he went on record that the desirable policy would be for the railways "to reach an agreement with each other to divide traffic on some reasonable basis." He argued that "whether times be evil or good, there is never any excuse for waste," and insisted that one of the advantages of the depression was that it would bring home to the railways the necessity of avoiding wasteful competition. Fourthly, he proposed the unification of competitive city ticket offices, the pooling of passenger services, the co-ordination of freight services, the elimination of duplicate trackage, the consolidation of telegraph companies and hotel systems, the joint use of local facilities and the interchange of trackage rights wherever economical. Finally, its President impressed upon the Commission the difficulties inflicted on the Canadian National Railways by political pressure.

On my own part, I offered the Royal Commission a suggestion which is substantially the same as that which, more fully developed later, has come to be known as unification.

## UNIFICATION:

There are merely a few general points which I regard as vital to a plan of railway unification. One is that the two railway companies should continue to own their present properties. It is not my intention to suggest that the Canadian National should be transferred to Canadian Pacific ownership, or the Canadian Pacific to Government ownership. The securities of the companies would remain in their present ownership. No question is involved of the value of the properties, or of any new capital set-up.

Another point is that I have not suggested that any guarantee should be given to the Canadian Pacific of a return on its stock or other capital issues. I say this, because I am convinced that no guarantee of interest on the debenture stock and bonds of the Canadian Pacific will be necessary. As to dividends on the stock, I do not see that it is necessary to give shareholders any protection beyond a reasonable opportunity for the company which they own to earn a reasonable profit.

The third of my fundamental points is that each group of owners should continue to receive under unification the net earnings which past experience indicates their company would have received as an independent institution, and that the additional net earnings made available by unification be shared between them on an equitable basis. I assume that the Government would directly receive at least half of these savings. These details, of course, could only be determined at the time of the formal contract.

My fourth basic theory is that adequate provision should be made to prevent the unified Company from neglecting its duty as a public utility, and depriving any community of necessary railway service. This, of course, can be easily arranged, by adding, if necessary, to the strength and powers of the Board of Railway Commissioners. I may remind you that the Board among its very wide powers today controls the cancellation of trains, the closing of stations and the abandonment of lines.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120281

My fifth, and, in some ways, the most important consideration, is that adequate provision should be made to protect the rights of railway workers. I propose, with your permission, to deal with this particular question at greater length later, but satisfactory precautions of this nature are a prerequisite of the acceptance by the Canadian Pacific Railway Company of any plan of unification.

Since it has been suggested by some of the critics of my plan that I am not sufficiently specific, may I point out that I am convinced that the conditions which I have just outlined are quite specific enough to ensure that any plan of unification will be entirely without danger to the public interest? The suggestions which I have offered are definite enough to form the basis of a contract which would readily be arrived at by negotiation between authorized representatives of the Government and of the Canadian Pacific Railway Company. When, as I hope, these conferences are undertaken, further details of the arrangement will undoubtedly arise for examination and will be dealt with as they appear. I do not see how I can make a more specific suggestion except as the result of such conferences.

Obviously, no formal contract can be arranged until the conferees have reported to their principals. Those acting on behalf of the Canadian Pacific Railway must obtain the authority of its owners, and the representatives of the Government must receive approval of the responsible Government of the day. The suggestion that any arrangement could be entered into on such a basis as would not be in the public interest is, I submit, merely an assumption that our system of democratic and responsible government is not functioning.

The advantages of unification are apparent. They would include, first: Considerable relief for the Treasury of the nation. It is true that we could scarcely expect unification to relieve the Treasury of all its burdens arising from the present railway situation. Only in the event of a radical change in world and Canadian economic conditions could this occur. However, I am convinced that the relief which could be afforded would be most important.

Second, unification would permit the Canadian Pacific to earn a fair return on prudently invested capital, and I am confident that I do not need to impress upon you the importance of this to the nation, as well as to the investors themselves.

Third, the savings of unification would leave both railway companies in a better position to carry on the inevitable process of remodelling, modernizing and improving the railway services of the Dominion. As a railway man I can assure you that we must continue to deal with this task extensively and that, in present circumstances, the efforts of both railway companies are hampered.

In the fourth place, unification, by stabilizing the railway industry, aids in freeing us from the now imminent danger of forced abandonment of light traffic lines to an increasing extent. So much has been said of the mileage to be abandoned under unification that I should like to remind you that both railway systems are increasingly pressed, by financial exigencies, to search for opportunities for line abandonment, and that, despite certain difficulties in obtaining permission for these abandonments, they are becoming inevitable. I am afraid—I much regret to say it—that there are many established communities in Canada which will not be able to obtain regular railway service in the future unless something be done to free both railway companies from their present financial stresses.

Fifthly, unification will permit the stabilization, on what I hope will be a lasting foundation, of the employment of railway workers. At present this large body of our citizens is engaged in an industry which is in an unsound economic position. For the moment the Government may be able to maintain the present situation by the providing of large sums annually for railway deficits. This cannot continue indefinitely, and I am honest in saying that no one can be a better friend of railway workers than the man who urges that the industry on which their livelihood depends should be rescued from a condition of insolvency.

On this point, I may say that I am not alarmed over the outlook for the Canadian Pacific Railway. By stringent economy that Company has been able to survive the stresses of recent years, and I look forward with confidence to its future.

There are other incidental advantages which are not without importance. Certainly, I feel assured that all members of the national legislature would welcome the removal of railway transportation from the political field. Another advantage is that the unified system would be in a position to meet the competition of other forms of transport with an efficiency which would be much greater than at present.

## THE ESTIMATES OF SAVINGS:

Naturally, much interest is displayed in the accuracy of the various estimates of savings which have been offered. In my own case, I have repeatedly quoted the fact that a Committee of Canadian Pacific officers, after an exhaustive study, concluded that, given conditions similar to those of 1930, annual



120282

savings of $75,300,000 could be realized by the unified railways.

I have been prepared to accept the substantial accuracy of this estimate, in view of the extent of unnecessary duplication of railway services. Your Committee, however, may desire some account of the basis and methods used for this calculation, and, without being too technical, I shall endeavour to explain the origin of the figures. Estimates of savings were submitted by both the Canadian Pacific and the Canadian National Railways as the result of requests to them of the Royal Commission. Three estimates were made—$75,300,000 by the Canadian Pacific, based on 1930; $50,340,000 by the Canadian National, based on 1931—practically the level of traffic in 1937, and $56,440,000 by the Canadian National on a year of normal traffic, which was taken as 30% above 1931, or practically the level of traffic in 1930.

I should like to explain to your Committee the precise procedure followed in making the estimate offered by the Canadian Pacific Railway.

When the Royal Commission requested that the Canadian Pacific exhibit in money its estimate of the amount of railway duplication, I arranged for a committee of our officers from the operating, engineering, traffic, mechanical and accounting departments to convene and to prepare an answer to the Commission's request.

They surveyed the existing supervisory organizations of the two railways as independent units, and the probable organization of a railway as unified; the location and function of the various lines of railway; the passenger and freight train services; and the terminal and shop facilities. Each phase was assigned to officers qualified to deal with it. When information covering a special problem was not available, the senior officer in the territory affected was consulted. In other words, the resources of the entire organization were used by the committee in its work. The committee understood they were not trying to determine the maximum limit of savings, but only what could reasonably be expected under normal conditions.

In addition to savings resulting from unification of actual operations, there are other advantages. Account must be taken also of the saving in future capital expenditures. In providing for the normal growth of traffic and changes in its character, the extension of one plant would obviously cost less that the extension of two. This consideration would apply throughout the entire scheme of additions and betterments necessary to adapt the system from time to time to the use of new machinery and methods. I regard this as a most important element in unification, and one involving a very large item of saving.

As has already been pointed out, our estimate was offered with two prepared by the Canadian National Railways. One of those was a figure of $56,440,000, based on a year in which traffic would be 30% above the volume of 1931. This is a little over the level of traffic in 1930, and it is, therefore, reasonable to compare the Canadian Pacific figure of $75,300,000 with the Canadian National estimate of $56,440,000.

Close examination of the two estimates shows that both included economies from reduction in general overhead expenses, traffic solicitation, advertising and regional supervision; from line abandonments; from rerouting of traffic; from increased car and train loading; from consolidation of repair work; from readjustment of passenger train services; from operating joint freight and passenger terminals; from consolidating express and telegraph services; from reduction in accounting, and other expenses. Individual items appear in each estimate which are not in the other, but, considering that two quite different methods were followed in compiling the estimates the close similarity in result is unquestionable proof that, at the time of the Royal Commission, responsible officers of both Companies were in general agreement that the savings to be had were substantial.

It is only proper to point out that the Canadian National officers, in presenting their estimates, which were stated to be based on the experience gained from consolidation of the properties of the Canadian National, expressed the opinion that, lacking the stimulus of competition with another system, the amount of the estimated economies was to a certain degree questionable, and that the economies as planned might meet with opposition from the public and employees. For my part, while recognizing these problems, I felt and still feel that the necessities of the case require action, and that the estimated economies can, if wisely and gradually carried out, be achieved without injuring the shipping public, the communities involved or the railway employees. In an address in 1926, I drew attention to these difficulties but, in view of events since then, I am certain that there is no option but to unify the systems. Evidence of experienced railway officers on this point will be available if your Committee desires to hear it.

There are those who admit that, at the time of the Royal Commission hearing, the estimates were sound, but argue that since then savings have been made by both railway companies on such a scale that the economies estimated in 1932 could no longer be made.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120283

This argument reflects some misunderstanding of the case. The estimates of 1932 were prepared to show the savings which could be secured by joint action only, not the economies which could be carried out by each railway independently, and are, therefore, just as valid today as then. Of course, it is admitted that improvements in railway technique have altered the situation to some extent, but there are only two new or important factors which might alter the amount of savings—(a) co-operative savings secured by joint action, which, including projects in effect and agreed upon, total $1,771,000 per annum, and (b) variation in amount of duplication which changes with the traffic volume. As to the latter, estimates were for a normal year, taken as 1930, and are, therefore, still the estimates which should be considered. In 1938 they would be less, but in a year of greater traffic than 1930 they would be more. As a basic year, 1930 may still be considered as a fair average. Those who invite us to await an early return to traffic at the level of 1927 or 1928 as normal must admit that estimates on the lower level of 1930 are reasonable and conservative.

I will not try, at this time, to take you through my evidence before the Royal Commission or the mass of detail which the work of the Canadian Pacific committee entailed. The conclusion reached is not to be taken as a precise amount for which a definite plan of action has been worked out, but as the considered judgment of a group of responsible officers as to the level of probable savings. With the Royal Commission I stressed that some things were probably included in the estimate which, in practice, would not be realized, but that, on the other hand, many known items of savings were not included, because it had not been practical to put a value on them, though they were certain to be secured. The character of these savings will be indicated to you. The Committee's conclusions were for the information of a Royal Commission; the task was seriously undertaken and capably discharged, and its results can be accepted as a reasonable and conservative conclusion by men accustomed to deal with the problems which would be involved when adopting the plan of unification. It is an estimate which supports the case for unification, but is not the only argument.

An item of the estimate, which has only moderate importance, insofar as amount of saving is concerned, but has provoked most of the discussion, is that of line abandonment, and it is desirable that this be seen in its proper perspective. It is only one of perhaps twenty general items considered. The Commission had asked both railways what mileages they thought could be abandoned if the railways were operated as a unit. It was natural that each railway should include in its estimate the savings from the line abandonments about which the Commission had enquired. The Canadian Pacific had estimated total maintenance of way savings of $14,888,000; examination of the estimate shows that only a portion of these savings would arise from the fact that duplication could be eliminated in respect of approximately 5,000 miles, from which maintenance savings would be about $7,000,000, or about $1,400 per mile. This compares with average maintenance expenditures per mile of line in 1930 of Canadian Pacific of $1,672 and of Canadian National $2,028. The Canadian National estimated abandonments of 2,434 miles. It is not vital to the question, whether we carry out line abandonments on the general scale I had indicated, or on the scale of the plan put forward by the Canadian National. Where two duplicate main lines are involved, if it were decided not to abandon either, undoubtedly much of the economy could be secured by altering the standard of maintenance of one, and avoiding its future improvement. The Board of Railway Commissioners now protects the public interest in connection with line abandonment, and it is futile to attempt to anticipate their specific action.

One further point: We have the interesting fact that the Royal Commission was informed that from $30,000,000 to $35,000,000 per annum could be saved by measures of compulsory co-operation. This may well have been one of the most important factors in leading the Commission to recommend that compulsory co-operation should first be tried. Later, I shall offer some reasons for the failure of co-operation to provide an adequate solution of the problem, but, at this point, I may say that, since co-operation, carried to the extent where it would afford important savings, would have to employ many of the same measures taken for this purpose under unification, an estimate of $35,000,000 to be saved by co-operation is fairly good evidence that much more could be saved by complete unification. As shown by the evidence before the Commission, the estimated savings of $30,000,000 to $35,000,000 per annum did not take into consideration the economies to be obtained by dispensing with duplicate executive, supervisory, soliciting, accounting and engineering staffs, and by carrying out complete pooling of freight express and other services and facilities, as would be possible under complete unification.

I assume that your Honourable Committee will wish to explore this subject more fully, and, when you so desire, I shall be glad to offer a detailed explanation of our estimate,



120284

and to have available officers of the Company who have an intimate knowledge of the subject to appear before you and give evidence in support of the methods followed and the bona fides of the result.

I have never hesitated to use the 1930 basis for the reason that the process of unification will take some years. I think that your Honourable Committee will agree that we may hope for conditions in which the volume of traffic of 1930 may be attained again by the time that unification becomes wholly effective. Indeed, I am afraid that, if this hope is vain, more serious measures than unification may have to be contemplated to solve the nation's transportation problem.

## NO OTHER SOLUTION OFFERED:

One fact which interests me is that, up to the present time, there has been no alternative offered to unification—except co-operation. The plan suggested in the Senate Committee Report of 1925 was unification. The nearest thing to an alternative which is offered is that we should possess our souls in patience and wait for the return of such prosperity as to eliminate railway deficits.

On that point I have only one thing to say—that this is the same prophecy which, commencing with the Drayton-Acworth Report recommending that the Government should take over the railways which now constitute the Canadian National Railways, has been used by everyone who has opposed constructive action to solve the railway problem.

In recommending the amalgamation of the Canadian Northern, Grand Trunk, Grand Trunk Pacific, and Canadian Government Railways in 1917, the Drayton-Acworth Commission stated:

> "If then we take as a starting point a deficiency of roughly $12,500,000 a year . . . ; if we assume that this will not seriously increase for the next year or two, but will not, on the other hand, diminish, . . . then in order to reach a position of solvency, the Dominion Railways would need to earn an additional gross income of some $50,000,000, and to retain one-quarter of that amount as net. The present gross income is well over $100,000,000; and it is not unreasonably sanguine to hope that it may increase 50 per cent in the course of six or seven years, if Canada continues to progress at a normal rate."

Five years later, in 1922, gross income had more than doubled, but the deficit had increased more than fourfold to $58,000,000. In spite of this, optimists still said "that sufficient traffic to sustain the National System can be developed within a reasonable period of normal progress." In 1926, when revenues had increased to $270,000,000, there was still a deficit of approximately $30,000,000, but the statement was made that "the C.N.R. was rapidly approaching the day when it would cease to be a burden upon the Canadian people." Much happened between 1926 and 1932; in one year the revenues were almost three times greater than in 1917, but even then the deficit was nearly $30,000,000. In 1932, the deficit was almost as great as the gross earnings in 1917, but the assertion is repeated that: "If we were today on a normal trend of gross earnings, we would be earning an amount sufficient to pay interest on all the securities in the hands of the public." It will be noted that this forecast did not take into account interest on the Government's advances to the Railways.

In 1935, it was said that: "It is not fewer miles of track, but more freight that is the solution of Canada's railway problem" and in 1937 that "the solution of Canada's railway problem is not to be found in cutting operating costs further, but in building up traffic, and obtaining reasonable rates for that traffic by regulation."

I have always felt that the problem should be dealt with on the basis of the actual existing situation. In view of the failure of these forecasts to materialize, I suggest that we approach the problem with greater regard to reality.

## THE DIFFICULTIES OF CO-OPERATION:

The suggestion has been made quite frequently that, since unification of the railways would involve certain consequences which many of our citizens believe to be dangerous or objectionable, it is the duty of the railways to explain why the method of co-operation laid down in the Canadian National-Canadian Pacific Act of 1933 has not been used more extensively than has been the case.

Your Committee has already reviewed the whole process of compulsory co-operation, as recommended by the Royal Commission, and made mandatory by the Canadian National-Canadian Pacific Act of 1933. You are aware that many co-operative projects have been examined, and some accepted by both railway companies, and put into effect.

In addition certain projects have been studied, and abandoned owing to belief, on the part of the representatives of both of the railway companies, that they were not economically desirable.

Yet other projects have been favourably reported upon and approved, but are not yet in effect, and others are under study, or are listed for consideration.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Besides these operations of the Joint Co-operative Committee, the railways agreed to consider the unification of express and telegraph services, but, on presentation to Parliament of the empowering legislation, objections were raised, and the Government withdrew the bills.

Recently, by direct negotiation under the authority of the Act, it has been possible to arrive at an arrangement to meet the situation produced at Vancouver by the construction there of a new hotel.

In no case, has either of the railways invoked the right to ask for the appointment of a tribunal to deal with any project on which agreement had been found impossible.

I can assure you that the Canadian Pacific Railway has taken its obligations under the Act seriously, and I must assume that the attitude of the Canadian National Railways has been identical. Thus, in view of the comparatively small savings accomplished by co-operation under the provisions of the Act, I believe that I am right in saying that there must be something wrong with the system—not with its execution, even though that has been disappointingly slow.

It is not surprising to me that this should be the case. Co-operation and competition scarcely seem suitable bedfellows. Co-operation and compulsion seem almost less suited for companionship. It is a fact that the two great railway systems in this country are competing for business, and it is inevitable that, in any attempt to unify their services piecemeal, there will be certain difficulties. I should like to point out how these make co-operation an unsatisfactory substitute for unification.

Co-operation, under the Act, is to be carried out by two competing companies which retain their independent operating organizations. Unification, as the term is here used, is a plan by which the properties and services of the two railways, on such detailed terms as may later be arranged, will be entrusted to a single operating organization. As has been said, the plan, as now suggested, leaves ownership of the properties in its present hands and contemplates joint operation for joint interest. The distinction between these plans, in their effect on efforts to eliminate duplication, is an essential one.

Unification is a general plan which, once adopted in principle at the executive centre, is then carried out throughout the railway system. Co-operation is an attempt to build up individual projects of unification, each of which must, in the end, come to the executive for approval.

Whenever a measure of co-operation is studied, it is discovered that one of the difficulties in obtaining from it all the savings possible is that to do this would require the consolidation of other services or facilities. For example, wherever train services are pooled, one of the limits to the advantage to be gained is that the new pooled service will still have to use yard and shop facilities which have not been pooled. In some cases this actually prevents the completion of an otherwise desirable project; in other cases it means that the limited pooling which is finally adopted does not accomplish all the savings which it might.

Unification, on the contrary, starts with the assumption that all possible savings are to be made, within the limits of the plan as finally adopted. Therefore, it does not matter whether you start by trying to pool shops or by pooling train services. At whatever point it is discovered that any difficulty is presented to the pooling of one service by the fact that another type of service is not pooled, this can at once be overcome. All the savings which are possible of attainment not only become automatically apparent, but are more easily realized.

In addition, the officers engaged in a process of unification would have no limit to their activities except the rules of business, the terms of the unification contract, and the provisions of the statute authorizing such unification. The officers engaged in attempts at limited and piecemeal co-operation necessarily find their hands tied by the obligation that nothing which they do may interfere with the maintenance of a sound competitive position for the system which employs them.

To take a case: To instruct the officers of the two companies to co-operate in routing trains into one or other station will accomplish minor savings. They must keep in mind, at all times, that this routing may, in the case of terminals or junctions, decidedly affect the probable choice by passengers of the route to be followed for further travel, beyond the territorial limits of the co-operative project under discussion. It must be clear how serious a limitation this is to intelligent co-operation, when you compare it with general instructions to officers to remove duplicate routes of travel, and all the facilities which exist for them.

The failure of either of the railway companies to request the appointment of a tribunal to complete a detailed item of co-operation on which agreement was not reached is quite natural. The officers of the two systems are in constant and daily contact, on many points. They are quite accustomed to reaching agreement. They should be able to avoid the application of compulsion to force a friendly competitor into an agreement which he dislikes. Finally, as each railway has,





made all the concessions which its officers consider intelligent and businesslike, neither one should have any desire to risk the imposition of additional disadvantages—such as must result, to one or other of the parties to the discussion, from any conceivable report of a tribunal. This could only magnify the difficulties of co-operation owing to the fact that the parties would constantly fear the establishment of adverse precedents. It would involve something in the nature of contentious litigation which would not create an atmosphere favourable to cordial and effective co-operation.

In the end, the paradox develops that, the more successful our attempts to unify properties and services by co-operation, the more impossible would be the condition which we attained. We should ultimately reach a point at which the great majority of our train services throughout the country would be run in common over commonly operated lines. We should have the extraordinary spectacle of two staffs of railway workers engaged in joint operation of a railway system, and supervised by two separate head offices and official staffs.

We might have the picture of two groups of salesmen engaged in competing with each other to obtain passenger and freight traffic to be carried on the same trains.

## CO-OPERATION OR UNIFICATION.

We are warned that the objections to unification, as I have suggested it, are very grave. Let me examine them, one by one, and consider how co-operation would meet them.

There is first the objection that unification would create a transportation system beyond the ability of one Board of Directors and one management to conduct successfully. I disagree with this—but consider how co-operation would affect this aspect of the problem. Co-operation, carried to the extent where it became a valuable method of reducing expense, would create very substantially a unified railway system, but one not operated by one Board of Directors and one management, but by two Boards and two managements. I think that your Honourable Committee will realize that if it is impossible for one administration to conduct successfully the railway transportation of all Canada by means of one unified system of railways, it will be somewhat more difficult for two administrations to do it simultaneously and in co-operation.

The second general objection is that we should create by unification a monopoly under which the interests of the shipper and traveller would be neglected. It is my clear impression that to set up what might be called a dual monopoly, operating the same railway system, would not avoid this danger, but would, by its divided responsibility, make inefficient railway service the standard in this country, and produce unnecessarily high charges or reduced standards of service.

The next objection is that unification might deprive communities in Canada of railway services. To the extent to which co-operation was parallel in its effect to unification, this would also be the case. The disadvantage would be that, to some extent, co-operation would not be—even in its most complete form—entire unification. Thus, the co-operating railways would not be able to use as many methods of adjusting their services to the needs of various communities and localities as a unified railway system could.

When we come to consider the effect on the interest of railway workers of these two alternative methods of arriving at the same general condition, I may point out that the maintenance of separate managements, and the limitations of co-operation as compared with unification would render impossible the full and satisfactory application of those long term and complete measures of protecting the interest of railway workers, which, in my opinion, must and will be employed under an intelligent and businesslike method of unification.

Indeed, it is clear that those railway workers who have been encouraged to believe that safety for labour will better be obtained under the present system than under rationalization of the industry in which they are engaged are already noting that co-operation is no more, should it ever be possible to carry it out on a major scale, than unification in disguise, retaining all the supervisory officers in service, and making the personnel savings entirely among workers. For example, the *Saskatoon Star Phoenix* of March 28th, 1938, reports that, at a meeting of the Saskatoon Joint Council of Railway Unions, repeal of the Canadian National-Canadian Pacific Act was demanded. It must be clear that co-operation, to the degree that it might be made effective, would have the same result as unified management in respect of displacement of labour. It would, carried to the extent which its advocates suggest as possible, affect the interests of labour almost as much as unification. In my opinion, it would do this without permitting the use of proper precautions and remedial measures. Under co-operation, adjustments made for the benefit of labour have to be dealt with according to the effect of each individual co-operative measure. In this way, there is lacking the general advantage of arrangements which, under unified management, might be made by agreement between representatives of the



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

railways and representatives of the employees.

There would, of course, be one advantage—if your Committee believe it to be an advantage—in co-operation: The nominal independence of the two railway systems would be maintained. It would not be a real independence—for it is as difficult to "unscramble" physically a piece of railway track, a railway service, or a railway terminal, which has been placed in joint use by co-operation, as it is to perform the same service for one which has been brought under unified management.

The actual effect under co-operation would be that the head offices and supervisory staffs of the two railway systems would retain their independent existence. Railway workers throughout the country in train service, in freight sheds, in shops, and on track maintenance, would find their numbers reduced by co-operation—as by unification. The more successful the co-operation, the closer its results would approximate those of unification. The more highly paid officers and employees, however, would not be affected, and would remain in independent units to exercise joint direction of the diminished staff of railway workers.

The Canadian Pacific Railway has been at all times willing and eager to arrange co-operative measures. The difficulty has been to find the places where they would be effected. Our willingness should be obvious in view of the fact that the $1,135,000, which represents the net annual savings by co-operative measures so far put into effect, amounts to 30% of the former cost, to the two companies, of the operations affected. Savings at this rate are decidedly attractive, and no devotion to a better plan would prevent the Canadian Pacific Railway from carrying co-operation to its practicable limit. Believing, as the officers of that Company do, in the inevitability of final and general consolidation of the business of the two railways, it must be evident that they would have no disposition to block partial measures where these can be arranged.

**MONOPOLY:**

One objection often made to unification is that it would produce a monopoly of transportation which might be used to the disadvantage of the public. That a monopoly would be created, within the comparatively narrow field of railway service, is quite true. On the other hand, it must be remembered that monopolies of railway transportation are not infrequent in Canada at present.

The Canadian Pacific possesses a rather complete monopoly in the Kootenay district of British Columbia; in Southern Alberta and Southwestern Saskatchewan. The Canadian National possesses a complete monopoly between Edmonton and Prince Rupert; Edmonton and Kamloops; in much of Northern Saskatchewan and Manitoba; in the territory between Winnipeg and Quebec; in the Lake St. John district of Quebec; in the Northern portion of New Brunswick and Nova Scotia; and in the Province of Prince Edward Island. The Canadian Pacific monopolizes railway transportation in an area South of the Canadian National transcontinental lines from Nipigon as far as Sudbury; in the territory between Sudbury and Sault Ste. Marie; between Sherbrooke and Saint John, N.B., on the so-called "Short Line," and in Southwestern Nova Scotia. These are examples of fairly complete monopoly. In the areas in question, while through traffic may be competitive in type, local traffic is absolutely non-competitive. Neither the charges nor the standard of service in these areas can be affected in the least by competition between Canadian railways. It is imposible, for example, for anything which the Canadian Pacific does to affect the cost or comfort of a passenger travelling from Edmonton to Prince Rupert; or for anything that the Canadian National does to affect the fortunes of the traveller or shipper between Lethbridge and Calgary. The Canadian Pacific has absolutely no influence on the charges or standards of service on the Canadian National between Cochrane and Quebec. The Temiskaming and Northern Ontario Railway has an absolute monopoly of service in a large and important area of Northern Ontario. Yet, the charges and standards of service of these railways in the areas mentioned are on the same basis as similar charges and standards in areas where competition is fully developed.

**FREIGHT RATES:**

As a matter of fact, any idea that the existence of two railways affects freight rates by keeping them low should be fairly well exploded by the fact that, many years ago, a political agitation against the charges for the transportation of grain on the Canadian Pacific in Western Canada was used as a powerful lever to obtain governmental subsidies for rival private interests in connection with the construction of the Canadian Northern Railways. It was freely alleged that the Canadian Pacific was robbing the farmers of Western Canada, and the promoters of the Canadian Northern Railway promised great things in the way of lower transportation charges. It is undeniable that a temporary lowering of these charges was forced on the Canadian Pacific Railway at that time. The effect on rates was of a passing nature. The





railway which was to force Canadian Pacific charges down became bankrupt; passed into the hands of the Government, and is now a part of the Canadian National System. The rate of charges so established proved too low to support the later Grand Trunk Pacific, and, today, the Canadian Pacific is the only solvent one of these companies. Further, the coming of the War, and the alteration in economic conditions which resulted, ended in a condition in which the undertaking of the Canadian Northern to maintain a certain level of grain rates became impossible of performance, and, when the grain rates were settled, on their present basis, no consideration was given to these forgotten passages of history.

Perhaps the best evidence that it is not the existence of two railways that guarantees low freight rates, can be drawn from a statement by an officer of the Canadian National System. In evidence before the Royal Commission, there is quoted a statement by an official of the Canadian National, in attempting to set up some alternative to unification, stating that "the situation calls for a courageous facing of facts, provision of rates high enough to pay the cost of services; equitably distributed and free from statutory limitations."

This would, of course, be one way of attempting to solve the railway problem, but not, in my opinion, the correct one. It does not appear to me desirable to attempt to increase the cost of transportation in Canada in order to maintain unnecessary duplicate railway services. My own preference is always in the direction of trying to eliminate waste, in order to give the public the cheapest possible service. Freight rates may, from time to time, have to be increased in order to meet changes in general economic conditions, but, as far as I know, it is possible to solve the railway problem by other methods than those recommended by the official in question. In any event it is reasonably apparent that the elimination of the Canadian National as a separately operated system would not reduce the tendency to increased freight rates.

Freight and passenger rates in Canada are not set by the railway companies in competition with each other. They are—and this is very fortunate for the people of Canada—set by the railways, openly in an endeavour to keep rates adjusted to the economic needs of the nation.

Freight rates in the main are kept low by a highly concentrated effort of railway managements to deal intelligently and consistently with a difficult problem. They are, in Canada, as low as they are in any major country in the world, and far lower than in all countries except the United States which compete with us for markets abroad. For example, the average rate for carrying a bushel of grain an average distance of 750 miles from point of production to water navigation is less than 13c. in Canada. My information indicates a rate of 11.74c. for a haul of 144 miles in the Argentine Republic, and 8c. for a haul of 88 miles in Australia.

This is an entirely natural state of affairs, since Canadian grain must be delivered in the markets of the world in competition with the grain of other countries, and the Canadian railways must, therefore, make such charges for their proportion of the transportation and handling as, combined with ruling ocean rates and very low charges for elevation and other handling, will permit this object to be attained. Since rail haul is, in the case of Canada, a far more important portion of the journey than in Australia or the Argentine Republic Canadian rail rates on grain must rule much lower than is the case in these competing countries.

That is typical of the influences which really set Canadian railway rates. It is true, of course, in the particular case of grain rates, that their establishment on a statutory basis makes them comparatively inflexible, by preventing their increase when the traffic would bear such an increase, and thus, in compensation, preventing their lowering, when the traffic finds it difficult to bear the existing charges.

As a consequence of the method of approach to the rate situation above described, the Canadian railways, without compulsion, and in an endeavour to protect their traffic, between January 1st, 1930, and June 30th, 1934, reduced over 100 individual rates for each one which was increased.

**STANDARDS OF SERVICE:**

The same thing is largely true of standards of service. For example, when air-conditioning was applied to Canadian railway travel, this was recognized by railway companies as involving additional cost without any increase in passenger fares. Since the Canadian railways operate on the Continent of North America, their passenger service must be generally of the standards accepted on this Continent. Thus, when air-conditioning became general in the United States, it was inevitable that it would be adopted for long distance travel in Canada. Neither competition between the Canadian railway companies nor an order of the Board of Railway Commissioners was needed to effect this important change in the standards of railway service.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1-2-0-2 8 9

**COMPETITIVE FACTORS:**

After all, it is quite reasonable that this condition should prevail. The volume of railway shipment and railway travel is exposed to possible limitation from two factors among others. One is the competition from other forms of transportation. The subsidized highway transportation of this country has diverted from the railways a mass of passenger business—which now uses private motor cars, and, to a less extent, buses. It has taken away an amount of commercial freight traffic which cannot be assessed exactly. It is even more difficult to obtain figures showing the competitive effect of our great waterways. Impossible as it is to weigh precisely the effect of these forms of competition in diverting traffic from the railways, I am sure that you will realize that it is important. In addition, the Panama Canal has created a situation in which the railways find it necessary—in order to hold their transcontinental freight business—to maintain a structure of rates for this type of traffic which is out of keeping with the normal structure. When you hear, for example, that it is possible to ship goods to Vancouver from Montreal cheaper than it is to ship the same goods to Edmonton, you might remember that this is not by any desire of the railways, but because extraneous competition forces them to do it, and that one of the reasons why no downward adjustment can be made in rates not affected by highway and waterway competition is that these forms of competition have carried many other rates to a point much lower than they need or should be.

The other factor which tends to keep railway rates low is one generally forgotten. While people travel or ship goods because they desire to travel or ship goods, they can neither travel nor ship goods if the rates are too high. Thus, the one object of every railway traffic executive is to keep rates as low as is commensurate with the needs of revenue, and low enough to enable people to travel freely and to ship goods freely. When times are hard and prices low, railway rates must be kept down. In better times, they may be allowed to rise a little. If, at any time, they rise too much, business dries up.

**PUBLIC CONTROL:**

It should be clearly understood that I am not suggesting that the Board of Railway Commissioners has no valuable functions. It is my opinion that public utilities of a semi-monopolistic type should, at all times, be subject, in charges and standards of service, to the orders of a tribunal which can prevent exploitation of the public or neglect of its interests. I have, indeed, repeatedly suggested that the powers of the Board should be extended wherever this appears necessary.

May I point out in addition that a necessary condition of unification is that the Canadian Government will continue to own the Canadian National Railways? That carries with it the assumption of increased effect of the public will on the policies of both the railway systems. If the railways undertake experiments in monopolistic oppression of the people, then, under unification, this would have to be with the consent of the Government. I may enquire of your Honourable Committee whether it would be your intention to permit monopolistic abuse of the public interest by the unified railway system, or whether you have the least doubt of your ability to prevent it.

Monopoly is a word which has a sinister significance in the minds of many people. In this case it is an argument obviously designed to frighten the public, but it loses much of its terror when it is considered that in this instance monopoly will be strictly regulated by public authority; that public opinion itself is a more potent influence in the conduct of large operations than ever before, and that the attitude of railway officers towards their public responsibility is drastically different from that of fifteen or twenty years ago. These factors, combined with the heavy losses of the past twelve years due to the maintenance of competitive systems, must be given serious weight in appraising former objections to unification.

**LABOUR UNDER UNIFICATION:**

Perhaps the most important objection made to unification is the possibility that it might affect unfavourably the interests of Canadian railway workers. I believe that this question must be examined very thoroughly, but that by such examination it will be discovered that the fears expressed by the opponents of unification have no real foundation.

Unified management can only be made valuable by methods which will ultimately involve a reduction in the amount of labour employed by the railways, and it is not surprising that not only railway workers themselves, but all good citizens, express a keen desire to have the incidence of the reduction in employment under unification set out in some detail for public consideration.

The whole progress of modern civilization has sprung from the desire to save labour. Every machine which has ever been invented has been an attempt to save wasted labour, and put it to useful occupations. On the other hand, since the chief economies of unification are ultimately to be made by saving labour, it is certainly my duty to explain as carefully as possible what will happen to labour under it.



1 2 0 2 9 0

In the first place, I may point out the arithmetical fact that the annual turnover of railway labour on the Canadian Pacific is almost 5%. Each year almost 5% of our employees die, retire, seek other employment, or leave the service for other reasons. The total savings of labour under unification are estimated at 15% to 17%. Thus, assuming that the labour situation on the Canadian National System is approximately the same as on the Canadian Pacific, we can see that, in the five years, at least, which will be required to accomplish unification, a policy of not hiring additional workers would reduce the staffs of the two railway systems more than the savings of unification would involve.

I can illustrate the labour situation in another fashion; More than 20% of the present employees of the Canadian Pacific Railway have five years' or less service. That is, were we to attempt the impossible, and to make all labour savings under unification overnight, the number of employees displaced would be no greater than that of our men with five years' service or less.

It would be dishonest on my part, however, to pretend that these simple facts offer a complete answer to those who fear the minor and temporary consequences to labour of a policy of rationalizing our railway situation.

It is true that more railway workers will leave the service in the time required for unification than would be necessary to accomplish the estimated saving. This is, however, not the same thing as saying that no one will lose employment. The fact that, for example, a locomotive engineer retires does not necessarily open an immediate opportunity for the employment of an accountant or a freight checker who can be dispensed with as a result of unification. There are, however, certain compensating facts. One is that we should have available the entire employment opportunities of the two railways. That is, under unification, the transfer to useful employment of labour saved will be easier than is the case with two independent systems.

I do not think that we should fail to realize that Canadian railway employment has been on a generous and well paid basis. For example, comparing conditions in this country with those in the United States, I find that, while the number of railway employees in Canada was for 1936 14.5% below the figure of 1916, the corresponding decrease on the Class I roads in the United States was 35.3%. I find also that in Canada, for each unit of operating revenue, the railways employ over 40% more workers than do the Class I railroads of the United States. To some extent this condition results from the difference in underlying economic conditions in the two countries, such as density of population and traffic, proportion of lines of light traffic, types of traffic, and the effects of highway and waterway competition. The figures which I have quoted, however, will indicate quite clearly that Canadian railway management has not overdone labour saving.

In fact, the relations between railway management and labour in this country have been at all times such as to lead me to say with certainty that any conceivable management of the unified system will deal fairly with labour, and I am confident that, where every effort fails, and any man loses employment, public opinion will support the management of the unified system in providing equitable compensation to assist those displaced in becoming re-established in other employment.

I should like very much to be able to offer some definite promise concerning the extent of this compensation, but I think you will see the difficulties which lie in the way of an *ex parte* statement of this sort—especially at this stage of the discussion. It would not be honest for me to pretend that I can commit the Government—the representatives of the owners of the Canadian National—to a fixed labour policy. For my part, I could not consent to any plan of unification which did not include adequate provision of this nature.

There are precedents elsewhere for the application of measures to prevent labour savings under railway unification becoming oppressive to labour. The railways of the United Kingdom, in the process of amalgamation, agreed to measures for the protection of their staffs during the period of transition. It is well known that these plans worked well, and that, generally speaking, it was possible to hold labour savings under amalgamation down to the rate set by natural turnover.

As you know, in the United States also provision has been made to protect the interest of employees where measures of co-ordination are undertaken, and, in May, 1936, a specific agreement was arrived at between all the important railway companies and the representatives of railway workers. That agreement provides for compensation to employees displaced as a result of co-ordination measures.

I cannot say that it would be possible to apply precisely similar measures in Canada, since conditions in the three countries vary considerably. Nor can I venture to pledge both the Canadian railway systems to a specific labour policy after unification. I can say that any management of a unified railway system in Canada is certain to do its best to adopt the best features of both these systems—for anything else would be entirely contrary to the spirit which has ruled in the labour policies of Canadian railways in the past.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120291

I believe that the effect of unification on labour and its interests has been genuinely misunderstood, and that once the facts of the case are known, it will cease to be possible for the opponents of railway rationalization to use this particular bogey.

If credence were given to the picture of unification as it is sometimes painted, your Honourable Committee might expect to see great numbers of railway workers thrown into the street as soon as agreement was reached for unification. That is not correct.

A study of the probable effect upon employment of the estimated economies under unified management as compared with the natural attrition of labour indicates that many more openings will be created for employment by the annual attrition withdrawals from service than there will be employees displaced under unified management arrangements to fill the positions. Let us assume that the estimated economies under unified management could proceed at the rate of 25% for each of the first two years, 20% in the third year, 15% in each of the fourth and fifth years. On this basis and with the known fact that railway labour turnover is about 5% per annum, even if we succeeded in five years in reducing our annual labour costs as much as 17% the railways would require to engage from 993 men in the first year to 2,015 in the fifth year—an average of almost 1,500 per annum—in excess of the number of employees displaced as a result of the unified management economies.

In other words, with employment at the level of 1937 there would be 22,506 positions closed in the five year period as a result of the economies, but, on the other hand, there would be 29,947 positions opened by reason of the 5% annual employment attrition, the excess being 7,441.

This is apart from any increase as a result of an improvement in traffic conditions. Should traffic volume return to the level of the year 1930, it is estimated that over 25,000 additional workers would be required as compared with the number needed with traffic volume at the level of the year 1937.

After unification is complete, of course, the full 5% of all railway posts will again be opened each year for railway workers.

I can assure you that, in any plan of unification which would be acceptable to the Canadian Pacific, proper provision for any small number of cases where it is difficult to retain present workers in the service will be made, and you may put aside the fear that labour will suffer from large scale dismissal as a result of the adoption of a plan of unification.

**CONCLUSION:**

I have attempted to deal with those detailed objections which have been raised to unification. May I now deal with the subject in a somewhat broader fashion? We hear, for example, that this community fears the loss of some of its residents, that such a merchant believes that his business will be unfavourably affected, and that, after all that I have said concerning provision for labour, we must, in the end, face the fact that unification means fewer railway workers.

Is it not a fact that all of these objections are merely the objections to economic progress? When the motor car replaced the horse-drawn carriage, and the steamship put sailing craft out of commission, all of these consequences resulted. All that those who use these objections are saying is that they believe that the unwise rioters who smashed looms in England more than a century ago, because they took the place of manual workers, were sounder economists than Adam Smith.

The only reason for accepting unification is that it is in the national interest, and it is in the national interest because every measure which will reduce the cost of carrying on the vital task of transportation in Canada is in the national interest. It is in the national interest because the public finances of this country need relief, and unification will afford it. It is for these reasons that I have come to the conclusion that unification cannot be avoided.

This is not the first time that it has been sought to make important railway economies in Canada by removing duplication. After the Government acquired the systems which now constitute the Canadian National Railways, it proceeded to seek efficiency and economy by organizing them into a single operating unit. This, since it was the amalgamation of railways under the same ownership, differed radically from the programme which I am now suggesting, but it is a fact that the object of obtaining economy is the same in both cases.

I have never welcomed unification. The Canadian Pacific is a highly developed organization, and an object of pride to all its officers and employees. Under unification, it will lose its identity—and that is a real loss to those of us who have spent a lifetime in its service.

Even with the acute competition given it by what I consider has been an unwise venture of the state into the railway field, I still believe that the Canadian Pacific can survive as an independent institution. Far from eagerness, as my critics have it, to seize the publicly owned system, I feel deep regret that, only by unification, can we remove the greatest danger of which I know to the future of the nation.

In a recent public address I said that unification is inevitable. The public need compels it.



PRINTED IN CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120292

# CHAPTER 170.

## An Act respecting Railways.

SHORT TITLE.

**1.** This Act may be cited as the Railway Act. 1919, c. 68, s. 1. Short title.

INTERPRETATION.

*Definitions.*

**2.** In this Act, and in any Special Act as hereinafter defined, in so far as this Act applies, unless the context otherwise requires, Definitions.

(1) "Board" means the Board of Railway Commissioners for Canada; "Board."

(2) "by-law," when referring to an act of the company, includes a resolution; "By-law."

(3) "charge," when used as a verb with respect to tolls, includes to quote, demand, levy, take or receive; "Charge."

(4) "company" includes a person, and where not otherwise stated or implied means "railway company," unless immediately preceded by "any", "every" or "all", in which case it means every kind of company which the context will permit of; and "railway company" or "company" when it means or includes "railway company," "Company" and "Railway Company."

(*a*) includes every such company and any person having authority to construct or operate a railway; and

(*b*) in the sections of this Act which require companies to furnish statistics and returns to the Board, or provide penalties for default in so doing, includes further any company constructing or operating a line of railway in Canada, even though such company is not otherwise within the legislative authority of the Parliament of Canada, and includes also any individual not incorporated who is the owner or lessee of a railway in Canada, or party to an agreement for the working of such a railway;



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120293



"Costs." (5) "costs" includes fees, counsel fees and expenses;

"County." (6) "county" includes any county, union of counties, riding, district, or division corresponding to a county, and any separate municipal division of a county;

"Court." (7) "court" means a superior court of the province or district, and, when used with respect to any proceedings for

(*a*) the ascertainment or payment, either to the person entitled, or into court, of compensation for lands taken, or for the exercise of powers conferred by this Act, or

(*b*) the delivery of possession of lands, or the putting down of resistance to the exercise of powers, after compensation paid or tendered,

"County court." "Superior court." includes the county court of the county where the lands lie; and "county court" and "superior court" are to be interpreted according to the Interpretation Act and amendments thereto;

"Exchequer Court." (8) "Exchequer Court" means the Exchequer Court of Canada;

"Express toll." (9) "express toll" means any toll, rate or charge to be charged by any company, or any person or corporation other than the company, to any persons, for hire or otherwise, for or in connection with the collecting, receiving, caring for or handling of any goods for the purpose of sending, carrying or transporting them by express, or for or in connection with the sending, carrying, transporting or delivery by express of any goods, or for any service incidental thereto, or for or in connection with any or either of these objects, where the whole or any portion of the carriage or transportation of such goods is by rail upon the railway of the company;

"Goods." (10) "goods" includes personal property of every description that may be conveyed upon the railway, or upon steam vessels or other vessels connected with the railway;

"Highway." (11) "highway" includes any public road, street, lane or other public way or communication;

"Inspecting Engineer." (12) "inspecting engineer" means an engineer who is directed by the Minister, or by the Board, to examine any railway or works, and includes two or more engineers, when two or more are so directed;

"Judge." (13) "judge" means a judge of a superior or county court hereinbefore mentioned, as the case may be;

"Justice." (14) "justice" means a justice of the peace acting for the province, district, county, riding, division, city or place where the matter requiring the cognizance of a justice arises; and, when any matter is authorized or required to be done by two justices, the expression "two





120294



justices" means two justices assembled and acting together;

"Lands." (15) "lands" means the lands, the acquiring, taking or using of which is authorized by this or the Special Act, and includes real property, messuages, lands, tenements and hereditaments of any tenure, and any easement, servitude, right, privilege or interest in, to, upon, under, over or in respect of the same;

"Lease." (16) "lease" includes an agreement for a lease;

"Minister." (17) "Minister" means the Minister of Railways and Canals;

"Owner." (18) "owner", when, under the provisions of this Act or the Special Act, any notice is required to be given to the owner of any lands, or when any act is authorized or required to be done with the consent of the owner, means any person who, under the provisions of this Act, or the Special Act, or any Act incorporated therewith, is enabled to sell and convey the lands to the company, and includes also a mortgagee of the lands;

"Plan" (19) "plan" means a ground plan of the lands and property taken or intended to be taken;

"Provincial Legislature." (20) "provincial legislature" or "legislature of any province" means and includes any legislative body other than the Parliament of Canada;

"Railway." (21) "railway" means any railway which the company has authority to construct or operate, and includes all branches, extensions, sidings, stations, depots, wharves, rolling stock, equipment, stores, property real or personal and works connected therewith, and also any railway bridge, tunnel or other structure which the company is authorized to construct; and, except where the context is inapplicable, includes street railway and tramway;

"Railway Act, 1888." 1888, c. 29. (22) "Railway Act, 1888," means the Act of the Parliament of Canada passed in the year one thousand eight hundred and eighty-eight, chapter twenty-nine, intituled *An Act respecting Railways*, and the several Acts in amendment thereof;

"Registrar of deeds." (23) "registrar of deeds" or "registrar" includes the registrar of land titles, or other officer with whom the title to the land is registered;

"Registry of deeds." (24) "registry of deeds," or "office of the registrar of deeds," or other words descriptive of the office of the registrar of deeds, include the land titles office, or other office in which the title to the land is registered;

"Rolling stock." (25) "rolling stock" means and includes any locomotive, engine, motor car, tender, snow-plough, flanger, and every description of car or of railway equipment designed for movement on its wheels, over or upon the rails or tracks of the company;



(26)



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120295



"Secretary." (26) "Secretary" means the Secretary of the Board;

"Sheriff." (27) "sheriff" means the sheriff of the district, county, riding, division, city or place within which are situated any lands in relation to which any matter is required to be done by a sheriff, and includes an under sheriff or other lawful deputy of the sheriff;

"Special Act." (28) "Special Act", when used with reference to a railway, means any Act under which the company has authority to construct or operate a railway, or which is enacted with special reference to such railway, whether heretofore or hereafter passed, and includes

(*a*) all such Acts,

1903, c. 71. (*b*) with respect to the Grand Trunk Pacific Railway Company, the National Transcontinental Railway Act, and any amendments thereto, and any scheduled agreements therein referred to, and

(*c*) any letters patent, constituting a company's authority to construct or operate a railway, granted under any Act, and the Act under which such letters patent were granted or confirmed;

"Telegraph." (29) "telegraph" includes wireless telegraph;

"Telegraph toll." (30) "telegraph toll," or "toll," when used with reference to telegraph, means and includes any toll, rate or charge to be charged by any company to the public, or to any person, for the transmission of messages by telegraph;

"Telephone toll." (31) "telephone toll," or "toll," when used with reference to telephone, means and includes any toll, rate or charge to be charged by any company to the public, or to any person, for use or lease of a telephone system or line, or any part thereof, or for the transmission of a message by telephone, or for installation and use or lease of telephone instruments, lines or apparatus, or for any service incidental to a telephone business;

"Toll" and "rate." (32) "toll," or "rate," when used with reference to a railway, means and includes any toll, rate, charge or allowance charged or made either by the company, or upon or in respect of a railway owned or operated by the company, or by any person on behalf or under authority or consent of the company, in connection with the carriage and transportation of passengers, or the carriage, shipment, transportation, care, handling or delivery of goods, or for any service incidental to the business of a carrier; and includes also any toll, rate, charge or allowance so charged or made in connection with rolling stock, or the use thereof, or any instrumentality or facility of carriage, shipment or transportation, irrespective of ownership or of any contract, expressed or implied, with respect to the use thereof; and includes



120296



includes also any toll, rate, charge or allowance so charged or made for furnishing passengers with beds or berths upon sleeping cars, or for the collection, receipt, loading, unloading, stopping over, elevation, ventilation, refrigerating, icing, heating, switching, ferriage, cartage, storage, care, handling or delivery of, or in respect of, goods transported, or in transit, or to be transported; and includes also any toll, rate, charge or allowance so charged or made for the warehousing of goods, wharfage or demurrage, or the like, or so charged or made in connection with any one or more of the above-mentioned objects, separately or conjointly;

"Traffic." (33) "traffic" means the traffic of passengers, goods and rolling stock;

"Train." (34) "train" includes any engine, locomotive or other rolling stock;

"Undertaking." (35) "the undertaking" means the railway and works, of whatsoever description, which the company has authority to construct or operate;

"Working expenditure." (36) "working expenditure" means and includes

(*a*) all expenses of maintenance of the railway;

(*b*) all such tolls, rents or annual sums as are paid in respect of the hire of rolling stock let to the company; or in respect of property leased to or held by the company, apart from the rent of any leased line;

(*c*) all rent charges or interest on the purchase money of lands belonging to the company, purchased but not paid for, or not fully paid for;

(*d*) all expenses of or incidental to the working of the railway and the traffic thereon, including all necessary repairs and supplies to rolling stock while on the lines of another company;

(*e*) all rates, taxes, insurance and compensation for accidents or losses, including any such compensation payable under the provisions of any Act of the Parliament of Canada or of any provincial legislature providing for compensation to workmen for injuries or in respect of an industrial disease;

(*f*) all salaries and wages of persons employed in and about the working of the railway and traffic;

(*g*) all office and management expenses, including directors' fees, and agency, legal and other like expenses;

(*h*) all costs and expenses of and incidental to the compliance by the company with any order of the Board under this Act; and

(*i*) generally, all such charges, if any, not hereinbefore otherwise specified, as, in all cases of English railway companies, are usually carried to the debit of revenue as distinguished from capital account;



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120297



"Clerk of the peace." "Justice." "Sheriff."

(37) when any matter arises in respect of any lands which are not situated wholly in any one district, county, riding, division, city or place, and which are the property of one and the same person, "clerk of the peace," "justice," and "sheriff," respectively, mean any clerk of the peace, justice or sheriff for any district, county, riding, division, city or place within which any portion of such lands is situated. 1919, c. 68, s. 2.

*Construing with Special Acts.*

General rules as to construing.

**3.** Except as in this Act otherwise provided,

(*a*) this Act shall be construed as incorporate with the Special Act; and

(*b*) where the provisions of this Act and of any Special Act passed by the Parliament of Canada relate to the same subject-matter the provisions of the Special Act shall, in so far as is necessary to give effect to such Special Act, be taken to over-ride the provisions of this Act. 1919, c. 68, s. 3.

Special Act referring to corresponding provisions.

**4.** If in any Special Act passed before the seventh day of July one thousand nine hundred and nineteen, it is enacted that any provision of any general railway Act in force at the time of the passing of such Special Act, is excepted from incorporation therewith, or if the application of any such provision is, by such Special Act, extended, limited or qualified, the provisions of this Act relating to the same subject-matter, shall, unless otherwise provided in this Act, be taken to be excepted, extended, limited, or qualified, in like manner. 1919, c. 68, s. 4.

APPLICATION OF ACT.

To what persons, companies and railways applicable.

**5.** This Act shall, subject as herein provided, apply to all persons, railway companies and railways, within the legislative authority of the Parliament of Canada, whether heretofore or hereafter, and howsoever, incorporated or authorized, except Government railways, to which however it shall apply to such extent as is specified in any Act referring or relating thereto. 1919, c. 68, s. 5.

Application to—

Foreign companies.

**6.** The provisions of this Act shall, without limiting the effect of the last preceding section, extend and apply to

(*a*) every railway company incorporated elsewhere than in Canada and owning, controlling, operating or running trains or rolling stock upon or over any line or lines of railway in Canada either owned, controlled, leased or operated by such company or companies, whether in either case such ownership, control, or operation is acquired by purchase, lease, agreement or by any other means whatsoever;



120298



Companies running trains into Canada.

(*b*) every railway company operating or running trains from any point in the United States to any point in Canada;

Railways deemed to be works for general advantage of Canada.

(*c*) every railway or portion thereof, whether constructed under the authority of the Parliament of Canada or not, now or hereafter owned, controlled, leased, or operated by a company wholly or partly within the legislative authority of the Parliament of Canada, or by a company operating a railway wholly or partly within the legislative authority of the Parliament of Canada, whether such ownership, control, or first mentioned operation is acquired or exercised by purchase, lease, agreement or other means whatsoever, and whether acquired or exercised under authority of the Parliament of Canada, or of the legislature of any province, or otherwise howsoever; and every railway or portion thereof, now or hereafter so owned, controlled, leased or operated shall be deemed and is hereby declared to be a work for the general advantage of Canada.

Railways excepted from those deemed to be works for the general advantage of Canada.

2. The provisions of the last preceding paragraph of this section shall be deemed not to include or apply to any street railway, electric suburban railway or tramway constructed under the authority of a provincial legislature, and which has not been declared to be a work for the general advantage of Canada otherwise than by the provisions of the said paragraph. 1919, c. 68, s. 6; 1920, c. 65, s. 1.

Railways declared to be for general advantage of Canada.

Special Act.

**7.** Where any railway, the construction or operation of which is authorized by a Special Act passed by the legislature of any province, is declared, by any Act of the Parliament of Canada, to be a work for the general advantage of Canada, this Act shall apply to such railway, and to the company constructing or operating the same, to the exclusion of such of the provisions of the said Special Act as are inconsistent with this Act, and in lieu of any general railway Act of the province. 1919, c. 68, s. 7.

Provincial railways connecting with or crossing Dominion Railways, subject to this Act.

**8.** Every railway, the construction or operation of which is authorized by Special Act of the legislature of any province and which connects with or crosses or may hereafter connect with or cross any railway within the legislative authority of the Parliament of Canada, shall, although not declared by Parliament to be a work for the general advantage of Canada, be subject to the provisions of this Act relating to

(*a*) the connection or crossing of one railway with or by another, so far as concerns the aforesaid connection or crossing;



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120299



(*b*) criminal matters, including offences and penalties; and

(*c*) navigable waters.

1919, c. 68, s. 8.

BOARD OF COMMISSIONERS.

*Constitution.*

Board, how constituted.

**9.** There shall be a commission, known as the Board of Railway Commissioners for Canada, consisting of six members appointed by the Governor in Council.

Court of record.

2. Such commission shall be a court of record, and have an official seal which shall be judicially noticed.

Tenure.

3. Each commissioner shall hold office during good behaviour for a period of ten years from the date of his appointment, but may be removed at any time by the Governor in Council upon address of the Senate and House of Commons.

4. A commissioner shall cease to hold office upon reaching the age of seventy-five years.

Reappointment.

5. A commissioner on the expiration of his term of office shall, if not disqualified by age, be eligible for reappointment. 1919, c. 68, s. 9.

Chief Commissioner and Assistant Chief Commissioner.

**10.** One of such commissioners shall be appointed by the Governor in Council, Chief Commissioner, and another of them Assistant Chief Commissioner of the Board.

2. Any person may be appointed Chief Commissioner who is or has been a judge of a superior court of Canada or of any province of Canada, or who is a barrister or advocate of at least ten years' standing at the bar of any such province.

3. Any person may be appointed Assistant Chief Commissioner who is or has been a judge of a superior court of Canada or of any province of Canada, or who is a barrister or advocate of at least ten years' standing at the bar of any such province, or who is a barrister or advocate of any such province and has held office as a commissioner of the Board for a period of at least ten years.

4. The Chief Commissioner shall be entitled to hold the office of Chief Commissioner, and the Assistant Chief Commissioner the office of Assistant Chief Commissioner or that of Chief Commissioner, so long as they respectively continue to be members of the Board.

Powers of Assistant Chief Commissioner.

5. The Assistant Chief Commissioner shall have all the powers of the Chief Commissioner; but such powers shall not be exercised by him except in the absence of the Chief Commissioner, and whenever he has acted it shall be conclusively



120300



clusively presumed that he so acted in the absence or disability of the Chief Commissioner within the meaning of this section. 1919, c. 68, s. 10.

Deputy Chief Commissioner.

**11.** Another of the commissioners shall be appointed, by the Governor in Council, Deputy Chief Commissioner of the Board.

Powers of Deputy Chief Commissioner.

2. In case of the absence of the Chief Commissioner and the Assistant Chief Commissioner, or of their inability to act, the Deputy Chief Commissioner shall exercise the powers of the Chief Commissioner for him or in his stead, and in such case, all regulations, orders and other documents signed by the Deputy Chief Commissioner shall have the like force and effect as if signed by the Chief Commissioner.

Presumption.

3. Whenever the Deputy Chief Commissioner appears to have acted for or instead of the Chief Commissioner, it shall be conclusively presumed that he so acted in the absence or disability of the Chief Commissioner and of the Assistant Chief Commissioner within the meaning of this section.

Authority to other commissioner.

4. Where the Chief Commissioner deems it necessary for the more speedy and convenient despatch of business he may by writing authorize any commissioner to sign regulations, orders and other documents in his stead, and when done pursuant to such authority the same shall have the like force and effect as if signed by the Chief Commissioner. 1919, c. 68, s. 11.

Quorum.

**12.** Two commissioners shall form a quorum, and not less than two commissioners shall attend at the hearing of every case: Provided that

Powers of single Commissioner.

(*a*) in any case where there is no opposing party and no notice to be given to any interested party, any one commissioner may act alone for the Board; and

(*b*) the Board, or the Chief Commissioner, may authorize any one of the commissioners to report to the Board upon any question or matter arising in connection with the business of the Board, and when so authorized such commissioner shall have all the powers of two commissioners sitting together for the purpose of taking evidence or acquiring the necessary information for the purpose of such report, and upon such report being made to the Board, it may be adopted as the order of the Board, or otherwise dealt with as to the Board seems proper.

Presiding officer.

2. The Chief Commissioner, when present, shall preside, and the Assistant Chief Commissioner, when present, in the absence of the Chief Commissioner, shall preside, and the opinion of either of them upon any question arising when he is presiding, which in the opinion of the commissioners is a question of law, shall prevail.

Questions of law.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120302



120301

Vacancy.

3. No vacancy in the Board shall impair the right of the remaining commissioners to act. 1919, c. 68, s. 12.

Interest, kindred or affinity.

Illness, absence, etc.

**13.** Whenever any commissioner is interested in any matter before the Board, or of kin or affinity to any person interested in any such matter, the Governor in Council may, either upon the application of such commissioner or otherwise, appoint some disinterested person to act as commissioner *pro hac vice;* and the Governor in Council may also, in case of the illness, absence or inability to act of any commissioner, appoint a commissioner *pro hac vice:* Provided that no commissioner shall be disqualified to act by reason of interest or of kindred or affinity to any person interested in any matter before the Board. 1919, c. 68, s. 13.

Commissioners and officers not to hold interest in stock or equipment.

**14.** No commissioner or officer of the Board shall directly or indirectly,

(*a*) hold, purchase, take or become interested in any stock, share, bond, debenture or other security, of any company subject to this Act; or

(*b*) have any interest in any device, appliance, machine, patented process or article, or any part thereof, which may be required or used as a part of the equipment of railways or of any rolling stock to be used thereon, or of any other work or undertaking subject to this Act.

If acquired by will or succession.

2. If any such stock, share, bond or other security, device, appliance, machine, patented process or article, or any part thereof or any interest therein, comes to or vests in any commissioner or officer of the Board by will or succession for his own benefit, he shall, within three months thereafter absolutely sell and dispose of the same, or his interest therein. 1919, c. 68, s. 14.

Residence.

**15.** Each commissioner shall during his term of office reside in the city of Ottawa, or within five miles thereof, or within such distance thereof as the Governor in Council at any time determines. 1919, c. 68, s. 15.

Whole time.

**16.** The commissioners shall devote the whole of their time to the performance of their duties under this Act, and shall not accept or hold any office or employment inconsistent with this section. 1919, c. 68, s. 16.

*Offices.*

Offices in Ottawa.

**17.** The Governor in Council shall, upon the recommendation of the Minister, provide, within the city of Ottawa, a suitable place in which the sessions of the Board may be held, and also suitable offices for the commissioners, and for the Secretary, and the officers and employees of the



R.S., 1927.



Board, and all necessary furnishings, stationery and equipment for the conduct, maintenance and performance of the duties of the Board.

Offices elsewhere than in Ottawa.

2. The Governor in Council, upon the recommendation of the Minister, may establish at any place or places in Canada such office or offices as are required for the Board, and may provide therefor the necessary accommodation, furnishings, stationery and equipment. 1919, c. 68, s. 17.

*Sittings and Disposal of Business.*

Sittings.

**18.** The Board may hold more than one sitting at the same time, and, whenever circumstances render it expedient to hold a sitting elsewhere than in Ottawa, may hold such sitting in any part of Canada. 1919, c. 68, s. 18.

Sittings, how conducted.

**19.** The commissioners shall sit at such times and conduct their proceedings in such manner as may seem to them most convenient for the speedy despatch of business.

2. They may, subject to the provisions of this Act, sit either together or separately, and either in private or in open court: Provided that any complaint made to them shall, on the application of any party to the complaint, be heard and determined in open court. 1919, c. 68, s. 19.

Arrangement of sittings and business.

**20.** Subject to the provisions of this Act, the Board may make rules and provisions respecting

(*a*) the sittings of the Board;

(*b*) the manner of dealing with matters and business before the Board;

(*c*) the apportionment of the work of the Board among its members, and the assignment of members to sit at hearings, and to preside thereat; and

(*d*) generally, the carrying on of the work of the Board, the management of its internal affairs, and the duties of its officers and employees;

and in the absence of other rule or provision as to any such matter, such matter shall be in the charge and control of the Chief Commissioner or such other member or members of the Board as the Board directs. 1919, c. 68, s. 20.

*Experts.*

Experts.

**21.** The Governor in Council may, from time to time, or as the occasion requires, appoint one or more experts, or persons having technical or special knowledge of the matters in question, to assist in an advisory capacity in respect of any matter before the Board. 1919, c. 68, s. 21.



R.S., 1927.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120303



*Secretary.*

Secretary.

**22.** There shall be a Secretary of the Board who shall be appointed by the Governor in Council, and who shall hold office during pleasure, and reside in the city of Ottawa. 1919, c. 68, s. 22.

Duties of Secretary.

**23.** It shall be the duty of the Secretary

(*a*) to keep a record of all proceedings conducted before the Board or any commissioner under this Act;

(*b*) to have the custody and care of all records and documents belonging or appertaining to the Board or filed in his office;

(*c*) to obey all rules and directions which may be made or given by the Board, or the Chief Commissioner, touching his duties or office, and in the event of a conflict of such rules or directions those made by the Board shall prevail;

(*d*) to have every regulation and order of the Board drawn pursuant to the direction of the Board, duly signed and sealed with the official seal of the Board, and filed in the office of the Secretary.

Record books.

2. The Secretary shall keep in his office suitable books of record, in which he shall enter a true copy of every such regulation and order, and every other document which the Board may require to be entered therein, and such entry shall constitute and be the original record of any such regulation or order.

Certified copies.

3. Upon application of any person, and on payment of such fees as the Board may prescribe, the Secretary shall deliver to such applicant a certified copy of any such regulation or order. 1919, c. 68, s. 23.

Acting Secretary.

**24.** In the absence of the Secretary from illness or any other cause, the Board may appoint from its staff an acting secretary, who shall thereupon act in the place of the Secretary, and exercise his powers. 1919, c. 68, s. 24.

*Staff.*

Staff of Board.

**25.** Such other officers, clerks and employees as are necessary for the proper conduct of the business of the Board may be appointed in the manner authorized by law. 1919, c. 68, s. 25.

*Salaries and Payments.*

Commissioners.

**26.** The Chief Commissioner shall be paid an annual salary of twelve thousand five hundred dollars, the Assistant Chief Commissioner an annual salary of nine thousand dollars, and each of the other commissioners an annual salary of eight thousand dollars.



R.S., 1927.

120304



When and how payable.

2. Such salaries shall be paid monthly out of the unappropriated funds in the hands of the Receiver General for Canada.

Secretary.

3. The Secretary may be paid out of money appropriated by Parliament for such purpose such annual salary as may from time to time be fixed by the Governor in Council. 1919, c. 68, s. 26.

Staff.

**27.** The officers, clerks and employees attached to the Board may be paid out of such money as may be appropriated by Parliament for the purpose. 1919, c. 68, s. 27.

Others.

**28.** Whenever the Board, by virtue of any power vested in it by this Act or any other Act of the Parliament of Canada appoints or directs any person, other than a member of the staff of the Board, to perform any service, such person shall be paid therefor such sum for services and expenses as the Governor in Council may, upon the recommendation of the Board, determine. 1919, c. 68, s. 28.

Paid monthly.

**29.** The salaries or remuneration of all such officers, clerks, stenographers, and messengers, and all the expenses of the Board incidental to the carrying out of this Act, including all actual and reasonable travelling expenses of the commissioners and the Secretary, and of such members of the staff of the Board as may be required by the Board to travel, necessarily incurred in attending to the duties of their office, shall be paid monthly out of moneys to be provided by Parliament. 1919, c. 68, s. 29.

*Franking Privilege.*

Correspondence free of postage.

**30.** All letters or mailable matter addressed to the Board or the Secretary at Ottawa, or sent by the Board or the Secretary from Ottawa, shall be free of Canada postage under such regulations as are from time to time made in that regard by the Governor in Council. 1919, c. 68, s. 30.

*Annual Report.*

Annual report to Governor in Council.

**31.** The Board shall, within two months after the thirty-first day of December in each year, make to the Governor in Council through the Minister, an annual report for the year ended on the thirty-first day of December, showing briefly,

(*a*) applications to the Board and summaries of the findings thereon under this Act;

(*b*) summaries of the findings of the Board in regard to any matter or thing respecting which the Board has acted of its own motion, or upon the request of the Minister;



R.S., 1927.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120305



(*c*) such other matters as appear to the Board to be of public interest in connection with the persons, companies and railways subject to this Act.

Report to be laid before Parliament.

2. The said report shall be forthwith laid before both Houses of Parliament, if then in session, and if not in session then during the first fifteen days of the next ensuing session of Parliament. 1919, c. 68, s. 31.

*General Jurisdiction and Powers.*

Powers of Railway Committee transferred.

**32.** Whenever, by an Act or document, the Railway Committee of the Privy Council is given any power or authority, or charged with any duty with regard to any company, railway, matter or thing, such power, authority or duty may, or shall, be exercised by the Board. 1919, c. 68, s. 32.

Jurisdiction.

**33.** The Board shall have full jurisdiction to inquire into, hear and determine any application by or on behalf of any party interested,

(*a*) complaining that any company, or person, has failed to do any act, matter or thing required to be done by this Act, or the Special Act, or by any regulation, order or direction made thereunder by the Governor in Council, the Minister, the Board, or any inspecting engineer or other lawful authority, or that any company or person has done or is doing any act, matter or thing contrary to or in violation of this Act, or the Special Act, or any such regulation, order, or direction; or

(*b*) requesting the Board to make any order, or give any direction, leave, sanction or approval, which by law it is authorized to make or give, or with respect to any matter, act or thing, which by this Act, or the Special Act, is prohibited, sanctioned or required to be done.

Mandatory orders.

2. The Board may order and require any company or person to do forthwith, or within or at any specified time, and in any manner prescribed by the Board, so far as is not inconsistent with this Act, any act, matter or thing which such company or person is or may be required to do under this Act, or the Special Act, and may forbid the doing or continuing of any act, matter or thing which is contrary to this Act, or the Special Act; and shall for the purposes of this Act have full jurisdiction to hear and determine all matters whether of law or of fact.

Restraining orders.

All powers of a superior court.

3. The Board shall, as respects the attendance and examination of witnesses, the production and inspection of documents, the enforcement of its orders, the entry on and inspection of property, and other matters necessary or proper for the due exercise of its jurisdiction, have all such powers, rights and privileges as are vested in a superior court.



120306



Appointment of receiver not to oust jurisdiction of Board.

**4.** The fact that a receiver, manager, or other official of any railway, or a receiver of the property of a railway company, has been appointed by any court in Canada or any province thereof, or is managing or operating a railway under the authority of any such court, shall not be a bar to the exercise by the Board of its jurisdiction; but every such receiver, manager, or official shall be bound to manage and operate any such railway in accordance with this Act and with the orders and directions of the Board, whether general or referring particularly to such railway; and every such receiver, manager, or official, and every person acting under him, shall obey all orders of the Board within its jurisdiction in respect of such railway, and be subject to have them enforced against him by the Board, notwithstanding the fact that such receiver, manager, official, or person is appointed by or acts under the authority of any court; and wherever by reason of insolvency, sale under mortgage, or any other cause, a railway or section thereof is operated, managed or held otherwise than by the company, the Board may make any order it deems proper for adapting and applying the provisions of this Act to such case.

Adapting and applying Act.

Certain decisions of Board conclusive.

**5.** The decision of the Board as to whether any company, municipality or person is or is not a party interested within the meaning of this section shall be binding and conclusive upon all companies, municipalities and persons. 1919, c. 68, s. 33.

Power to make orders and regulations.

**34.** The Board may make orders or regulations

(*a*) with respect to any matter, act or thing which by this or the Special Act is sanctioned, required to be done, or prohibited;

(*b*) generally for carrying this Act into effect;

(*c*) for exercising any jurisdiction conferred on the Board by any other Act of the Parliament of Canada.

Application.

2. Any such orders or regulations may be made to apply to all cases or to any particular case or class of cases, or to any particular district, or to any railway or other work, or section or portion thereof; and the Board may exempt any railway or other work, or section or portion thereof, from the operation of any such order or regulation for such time or during such period as the Board deems expedient; and such orders or regulations may be for such time as the Board deems fit, and may be rescinded, amended, changed, altered or varied as the Board thinks proper.

Penalties.

3. The Board may by regulation or order provide penalties, when not already provided in this Act, to which every company or person who offends against any regulation or order made by the Board shall be liable.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120307



Other liability.

**4.** The imposition of any such penalty shall not lessen or affect any other liability which any company or person may have incurred. 1919, c. 68, s. 34.

Jurisdiction of Board as to agreements.

**35.** Where it is complained by or on behalf of the Crown or any municipal or other corporation or any other person aggrieved, that the company has violated or committed a breach of an agreement between the complainant and the company—or by the company that any such corporation or person has violated or committed a breach of an agreement between the company and such corporation or person,—for the provision, construction, reconstruction, alteration, installation, operation, use or maintenance by the company, or by such corporation or person, of the railway or of any line of railway intended to be operated in connection with or as part of the railway, or of any structure, appliance, equipment, works, renewals or repairs upon or in connection with the railway, the Board shall hear all matters relating to such alleged violation or breach, and shall make such order as to the Board may seem reasonable and expedient, and in such order may, in its discretion, direct the company, or such corporation or person, to do such things as are necessary for the proper fulfilment of such agreement, or to refrain from doing such acts as constitute a violation or a breach thereof. 1919, c. 68, s. 35.

Board may act upon its own motion.

**36.** The Board may, of its own motion, or shall, upon the request of the Minister, inquire into, hear and determine any matter or thing which, under this Act, it may inquire into, hear and determine upon application or complaint, and with respect thereto shall have the same powers as, upon any application or complaint, are vested in it by this Act. 1919, c. 68, s. 36.

From time to time.

**37.** Any power or authority vested in the Board may, though not so expressed, be exercised from time to time, or at any time, as the occasion may require. 1919, c. 68, s. 37.

Governor in Council may refer to Board for report or action.

**38.** The Governor in Council may at any time refer to the Board for a report, or other action, any question, matter or thing arising, or required to be done, under this Act, or the Special Act, or any other Act of the Parliament of Canada, and the Board shall without delay comply with the requirements of such reference. 1919, c. 68, s. 38.

Works ordered by the Board.

**39.** When the Board, in the exercise of any power vested in it, in and by any order directs or permits any structure, appliances, equipment, works, renewals, or repairs to be provided, constructed, reconstructed, altered, installed,



120308



operated, used or maintained, it may, except as otherwise expressly provided, order by what company, municipality or person, interested or affected by such order, as the case may be, and when or within what time and upon what terms and conditions as to the payment of compensation or otherwise, and under what supervision, the same shall be provided, constructed, reconstructed, altered, installed, operated, used and maintained.

Cost, by whom paid.

2. The Board may, except as otherwise expressly provided, order by whom, in what proportion, and when, the cost and expenses of providing, constructing, reconstructing, altering, installing and executing such structures, equipment, works, renewals, or repairs, or of the supervision, if any, or of the continued operation, use or maintenance thereof, or of otherwise complying with such order, shall be paid. 1919, c. 68, s. 39.

Approval of certain works after construction.

**40.** Whenever any Act of the Parliament of Canada requires or directs that before the doing of any work the approval of the Board must be first obtained, and whenever any such work has been done without such approval, the Board shall nevertheless have power to approve of the same and to impose any terms and conditions upon such company that may be thought proper in the premises: Provided that where the doing of such work affects the safety of the public or the employees, no such approval shall be given without due notice and hearing. 1919, c. 68, s. 40.

Extension of time specified by Board.

**41.** When any work, act, matter or thing is, by any regulation, order or decision of the Board, required to be done, performed or completed within a specified time, the Board may, if the circumstances of the case in its opinion so require, upon notice and hearing or, in its discretion, upon *ex parte* application, extend the time so specified; but where such regulation, order or decision requires any act, matter or thing to be done for the safety of the public or the employees of the railway, no extension shall be granted without hearing on notice. 1919, c. 68, s. 41.

Employment of counsel in public interest.

**42.** The Board may, in any application, proceeding or matter of special importance pending before it, if in the opinion of the Board the public interest so requires, apply to the Minister of Justice to instruct counsel to conduct or argue the case or any particular question arising in the application, proceeding or matter as to any public interest which is or may be affected thereby or by any order or decision which may be made therein; and, upon such application to him by the Board, or of his own motion, the Minister of Justice may instruct counsel accordingly. 1919, c. 68, s. 42.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120309



Stated case for Supreme Court of Canada.

**43.** The Board may of its own motion, or upon the application of any party, and upon such security being given as it directs, or at the request of the Governor in Council, state a case, in writing, for the opinion of the Supreme Court of Canada upon any question which in the opinion of the Board is a question of law or of the jurisdiction of the Board.

Proceedings thereon.

2. The Supreme Court of Canada shall hear and determine such question, and remit the matter to the Board with the opinion of the Court thereon. 1919, c. 68, s. 43.

Effect of judgment of other courts.

**44.** In determining any question of fact, the Board shall not be concluded by the finding or judgment of any other court, in any suit, prosecution or proceeding involving the determination of such fact, but such finding or judgment shall, in proceedings before the Board, be *primâ facie* evidence only.

*Lis pendens.*

2. The pendency of any suit, prosecution or proceeding, in any other court, involving questions of fact, shall not deprive the Board of jurisdiction to hear and determine the same questions of fact.

Findings of fact conclusive.

3. The finding or determination of the Board upon any question of fact within its jurisdiction shall be binding and conclusive. 1919, c. 68, s. 44.

*Orders and Decisions.*

Orders may come into force:

Upon contingency;

Upon terms;

For limited time.

**45.** The Board may direct in any order that such order or any portion or provision thereof, shall come into force at a future time or upon the happening of any contingency, event or condition in such order specified, or upon the performance to the satisfaction of the Board, or a person named by it, of any terms which the Board may impose upon any party interested, and the Board may direct that the whole, or any portion of such order, shall have force for a limited time, or until the happening of a specified event.

Interim orders.

2. The Board may, instead of making an order final in the first instance, make an interim order, and reserve further directions either for an adjourned hearing of the matter, or for further application. 1919, c. 68, s. 45.

Relief.

**46.** Upon any application made to the Board, the Board may make an order granting the whole or part only of such application, or may grant such further or other relief, in addition to or in substitution for that applied for, as to the Board may seem just and proper, as fully in all respects as if such application had been for such partial, other, or further relief. 1919, c. 68, s. 46.



120310



Interim *ex parte* order.

**47.** The Board may, if the special circumstances of any case so require, make an interim *ex parte* order authorizing, requiring or forbidding anything to be done which the Board would be empowered, on application, notice and hearing, to authorize, require or forbid; but no such interim order shall be made for any longer time than the Board may deem necessary to enable the matter to be heard and determined. 1919, c. 68, s. 47.

Order need not show jurisdiction.

**48.** No order of the Board need show upon its face that any proceeding or notice was had or given, or any circumstance necessary to give it jurisdiction to make such order. 1919, c. 68, s. 48.

Rule of court.

**49.** Any decision or order, made by the Board may be made a rule, order or decree of the Exchequer Court, or of any superior court of any province of Canada, and shall be enforced in like manner as any rule, order or decree of such court.

Practice.

2. To make such decision or order a rule, order or decree of any such court, the usual practice and procedure of the court in such matters may be followed; or, in lieu thereof, the Secretary may make a certified copy of such decision or order, upon which shall be made the following endorsement signed by the Chief Commissioner and sealed with the official seal of the Board:—

"To move to make the within a rule (order *or* decree, *as the case may be*) of the Exchequer Court of Canada (*or as the case may be*).

"Dated this day of A.D. 19

"A.B.

[Seal.] "Chief Commissioner of the Board of Railway Commissioners for Canada".

Copy to the registrar.

3. The Secretary may forward such certified copy, so endorsed, to the registrar, or other proper officer of such court, who shall, on receipt thereof, enter the same as of record, and the same shall thereupon become and be such rule, order or decree of such court.

When order rescinded or changed. 1888, c. 29.

4. When a decision or order of the Board under this Act, or of the Railway Committee of the Privy Council under the Railway Act 1888, has been made a rule, order or decree of any court, any order or decision of the Board rescinding or changing the same shall be deemed to cancel the rule, order or decree of such court, and may, in like manner, be made a rule, order or decree of such court.

Optional to enforce otherwise.

5. It shall be optional with the Board, either before or after its decision or order is made a rule, order or decree of any court, to enforce such decision or order by its own action. 1919, c. 68, s. 49.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120311



In *Canada Gazette.*

**50.** Any rule, regulation, order or decision of the Board, shall, when published by the Board, or by leave of the Board, for three weeks in the *Canada Gazette,* and while the same remains in force, have the like effect as if enacted in this Act, and all courts shall take judicial notice thereof. 1919, c. 68, s. 50.

*Review and Appeal.*

Board may review, etc.

**51.** The Board may review, rescind, change, alter or vary any order or decision made by it, or may rehear any application before deciding it. 1919, c. 68, s. 51.

Governor in Council may vary or rescind.

**52.** The Governor in Council may at any time, in his discretion, either upon petition of any party, person or company interested, or of his own motion, and without any petition or application, vary or rescind any order, decision, rule or regulation of the Board, whether such order or decision is made *inter partes* or otherwise, and whether such regulation is general or limited in its scope and application; and any order which the Governor in Council may make with respect thereto shall be binding upon the Board and upon all parties.

Appeal to Supreme Court as to jurisdiction by leave of Judge.

2. An appeal shall lie from the Board to the Supreme Court of Canada upon a question of jurisdiction, upon leave therefor being obtained from a judge of the said Court upon application made within one month after the making of the order, decision, rule or regulation sought to be appealed from or within such further time as the judge under special circumstances shall allow, and upon notice to the parties and the Board, and upon hearing such of them as appear and desire to be heard, and the costs of such application shall be in the discretion of the judge.

Appeal to Supreme Court by leave of Board.

3. An appeal shall also lie from the Board to such Court upon any question which in the opinion of the Board is a question of law, or a question of jurisdiction, or both, upon leave therefor having been first obtained from the Board within one month after the making of the order or decision sought to be appealed from, or within such further time as the Board under special circumstances shall allow, and after notice to the opposite party stating the grounds of appeal; and the granting of such leave shall be in the discretion of the Board.

Entry of application.

4. No appeal, after leave therefor has been obtained under subsection two or three of this section, shall lie unless it is entered in the said Court within sixty days from the making of the order granting leave to appeal.

Security for costs.

5. Upon such leave being obtained the party so appealing shall deposit with the Registrar of the Supreme Court of Canada the sum of two hundred and fifty dollars, by way



120312



of security for costs, and thereupon the Registrar shall set the appeal down for hearing at the nearest convenient time; and the party appealing shall, within ten days after the appeal has been so set down, give to the parties affected by the appeal, or the respective solicitors by whom such parties were represented before the Board, and to the Secretary, notice in writing that the case has been so set down to be heard in appeal as aforesaid; and the said appeal shall be heard by such Court as speedily as practicable.

Notice of appeal.

Powers of the Court.

6. On the hearing of any appeal, the Court may draw all such inferences as are not inconsistent with the facts expressly found by the Board, and are necessary for determining the question of jurisdiction, or law, as the case may be, and shall certify its opinion to the Board, and the Board shall make an order in accordance with such opinion.

Board may be heard.

7. The Board shall be entitled to be heard by counsel or otherwise, upon the argument of any such appeal.

Costs.

8. The Court shall have power to fix the costs and fees to be taxed, allowed and paid upon such appeals, and to make rules of practice respecting appeals under this section; and, until such rules are made, the rules and practice applicable to appeals from the Exchequer Court shall be applicable to appeals under this Act.

Practice.

Members of Board not liable for costs.

9. Neither the Board nor any member of the Board shall in any case be liable to any costs by reason or in respect of any appeal or application under this section.

10. Save as provided in this section

Proceedings of Board final save as above.

(*a*) every decision or order of the Board shall be final; and

(*b*) no order, decision or proceeding of the Board shall be questioned or reviewed, restrained or removed by prohibition, injunction, *certiorari,* or any other process or proceeding in any court. 1919, c. 68, s. 52.

*Practice and Procedure.*

Rules of practice and procedure.

**53.** The Board may make general rules regulating, so far as not inconsistent with the express provisions of this Act, its practice and procedure. 1919, c. 68, s. 53.

*Notice and Service.*

Notices, how signed: By Board;

**54.** Any notice required or authorized to be given in writing

(*a*) by the Board, may be signed by the Secretary or Chief Commissioner;

By Minister and others;

(*b*) by the Minister, inspecting engineer, or other officer or person appointed by the Minister, or the Board, may be signed by the Minister, or by such inspecting engineer, officer or other person, as the case may be;



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120313



By company or corporation;

(*c*) by any company or corporation, may be signed by the president or secretary, or mayor, warden, reeve or other principal officer thereof, or by its duly authorized agent or solicitor; and

By any person.

(*d*) by any person, may be signed by such person or his duly authorized agent or solictor. 1919, c. 68, s. 54.

Mode of service.

**55.** Service of any notice, summons, regulation, order, direction, decision, report or other document, unless in any case otherwise provided, may be effected

On companies required to name agent.

(*a*) upon a railway, telegraph, telephone, or express company to which this Act in whole or in part applies, by delivering the document or a copy thereof to the person entered by the company as its agent in the agents' book in subsection two of this section provided for; or at his residence, to any member of his household; or at the place of business or other place entered in the agents' book, to any clerk or adult person in his employ; or if at the time of attendance to serve any document the place of business or other place aforesaid is closed or no one is in attendance therein for receiving service, service of the document may be effectively made by mailing the same or a copy thereof at any time during the same day or the next following day by registered letter, postage prepaid, addressed to the agent at such place of business or other place, and the service shall be deemed to have been effected at the time of attendance for service; or if the company has not caused the required entry to be made in the agents' book, then posting up the document or a copy thereof in the office of the Secretary of the Board shall be effective service upon the company, unless the Board otherwise orders; but the Board may in any case direct that the fact of service upon an agent and the nature of the document served shall be communicated to the company by telegraph, or may make any other order or direction it deems proper as to such service;

Railway companies.

(*b*) upon any railway company, whether included in the last preceding paragraph or not, by delivering the document or a copy thereof to the president, a vice-president, or a managing director, or the secretary or superintendent of the company; or at the head or any principal office of the company, to some adult person in its employ;

Other companies.

(*c*) upon any company other than a railway company, whether such company is included in paragraph (*a*) or not, by delivering the document or a copy thereof to the president, a vice-president, or the manager or secretary of the company; or at its head office, to some adult person in its employ;



120314



Municipalities.

(*d*) upon a municipality or civic or municipal corporation, by delivering the document or a copy thereof to the mayor, warden, reeve, secretary, treasurer, clerk, chamberlain or other principal officer thereof;

Co-partnerships.

(*e*) upon a firm or co-partnership, by delivering the document or a copy thereof to any member of such firm or co-partnership; or at the last place of abode of any such member, to any adult member of his household; or at the office or place of business of the firm, to a clerk employed therein;

Individuals.

(*f*) upon an individual, by delivering the document or a copy thereof to him; or at his last place of abode, to any adult member of his household; or at his office or place of business, to a clerk in his employ:

Order for service by publication.

Provided that if, in any case within the jurisdiction of the Minister, or the Board, it is made to appear to the satisfaction of the Minister, or the Board, as the case may be, that service cannot conveniently be made in the manner above provided, the Minister, or the Board, as the case may be, may order and allow service to be made by publication of the document or notice thereof for any period not less than three weeks in the *Canada Gazette*, and also, if so ordered, in any other newspaper; and such publication shall be deemed to be equivalent to service in the manner above provided.

Agents' book.

2. There shall be kept in the office of the Secretary of the Board a book to be called the agents' book in which every railway, telegraph, telephone, and express company to which this Act in whole or in part applies shall enter its name and the place of its head office and the name of an agent at Ottawa and his place of business or some other proper place within Ottawa where he may be served for such company. 1919, c. 68, s. 55.

Duty of company upon being served.

**56.** Every company shall, as soon as possible after receiving or being served with any regulation, order, direction, decision, notice, report or other document of the Minister, or the Board, or the inspecting engineer, notify the same to each of its officers and servants performing duties which are or may be affected thereby, by delivering a copy to him or by posting up a copy in some place where his work or his duties, or some of them, are to be performed. 1919, c. 68, s. 56.

Notice of application.

**57.** Unless otherwise provided, fifteen days' notice of any application to the Board, or of any hearing by the Board, shall be sufficient: Provided that the Board may in any case direct longer notice or allow notice for any period less than fifteen days. 1919, c. 68, s. 57.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120315



Notice of application for permission to work on Sunday.

**58.** Notice of any application to the Board for permission as provided by the Lord's Day Act, to perform any work on the Lord's Day in connection with the freight traffic of any railway, shall be given to the Department of Railways and Canals, and shall fully set out the reasons relied upon.

Costs.

2. The costs of any such application shall be borne by the applicant, and if more than one, in such proportions as the Board determines.

Procedure in other respects.

3. In all other respects the procedure provided by this Act, shall, so far as applicable, apply to any such application. 1919, c. 68, s. 58.

*Ex parte.*

**59.** Except as herein otherwise provided, when the Board is authorized to hear an application, complaint or dispute, or make any order, upon notice to the parties interested, it may, upon the ground of urgency, or for other reason appearing to the Board to be sufficient, notwithstanding any want of or insufficiency in such notice, make the like order or decision in the matter as if due notice had been given to all parties; and such order or decision shall be as valid and take effect in all respects as if made on due notice.

Rehearing.

2. Any company or person entitled to notice and not sufficiently notified may, at any time within ten days after becoming aware of such order or decision, or within such further time as the Board may allow, apply to the Board to vary, amend or rescind such order or decision, and the Board shall thereupon, on such notice to other parties interested as it may in its discretion think desirable, hear such application, and either amend, alter or rescind such order or decision, or dismiss the application, as may seem to it just and right. 1919, c. 68, s. 59.

*Amending Proceedings.*

Amendments.

**60.** The Board may, upon terms or otherwise, make or allow any amendments in any proceedings before it. 1919, c. 68, s. 60.

*Costs.*

Costs.

**61.** The costs of and incidental to any proceeding before the Board, except as herein otherwise provided, shall be in the discretion of the Board, and may be fixed in any case at a sum certain, or may be taxed.

Payment.

2. The Board may order by whom and to whom any costs are to be paid, and by whom the same are to be taxed and allowed.

Scale.

3. The Board may prescribe a scale under which such costs shall be taxed. 1919, c. 68, s. 61.



120316



*Witnesses and Evidence.*

Powers regarding witnesses and evidence.

**62.** The Board may order that any witness resident or present in Canada may be examined upon oath before, or make production of books, papers, documents or articles to, any one member of the Board, or before or to any officer of the Board, or before or to any other person named for the purpose by the order of the Board, and may make such orders as seem to it proper for securing the attendance of such witness and his examination, and the production by him of books, papers, documents, or articles, and the use of the evidence so obtained, and otherwise exercise, for the enforcement of such orders or punishment for disobedience thereof, all powers that are exercised by any superior court in Canada for the enforcement of subpœnas to witnesses or punishment of disobedience thereof: Provided that no person shall be compellable, against his will, to attend for such examination or production at any place outside the province in which he is served with the order of the Board for the purpose.

Commissions to take evidence in foreign countries.

2. The Board may issue commissions to take evidence in a foreign country, and make all proper orders for the purpose, and for the return and use of the evidence so obtained. 1919, c. 68, s. 62.

Evidence by affidavit.

**63.** The Board may accept evidence upon affidavit or written affirmation, in cases in which it seems to it proper to do so.

Who may administer oaths in Canada.

2. All persons authorized to administer oaths to be used in any of the superior courts of any province may administer oaths in such province to be used in applications, matters or proceedings before the Board.

Commissioners for Supreme and Exchequer Courts.

3. All persons authorized by the Governor in Council to administer oaths within or out of Canada, in or concerning any proceeding had or to be had in the Supreme Court of Canada or in the Exchequer Court of Canada, may administer oaths in or concerning any application, matter, or proceeding before the Board.

Oaths outside Canada.

4. An oath administered out of Canada, before any commissioner authorized to take affidavits to be used in His Majesty's High Court of Justice in England, or before any notary public, certified under his hand and official seal, or before the mayor or chief magistrate of any city, borough or town corporate in Great Britain or Ireland, or in any colony or possession of His Majesty out of Canada, or in any foreign country, and certified under the common seal of such city, borough, or town corporate, or before a judge of any court of supreme jurisdiction in any colony or possession of His Majesty, or dependency of the Crown out of Canada, or before any consul, vice-consul, acting-consul.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120317



consul, pro-consul or consular agent of His Majesty exercising his functions in any foreign place, certified under his official seal, concerning any application, matter or proceeding had or to be had by or before the Board, shall be as valid and of like effect, to all intents, as if it had been administered before a person authorized by the Governor in Council as in this section provided.

Documents in testimony of administration of oaths.

5. Every document purporting to have affixed, imprinted or subscribed thereon or thereto, the signature of any such person or commissioner so authorized as aforesaid, or the signature or official seal of any such notary public, or the signature of any such mayor or chief magistrate and the common seal of the corporation, or the signature and official seal of any such consul, vice-consul, acting-consul, pro-consul or consular agent, in testimony of any oath having been administered by or before him, shall be admitted in evidence before the Board without proof of any such signature or seal being the signature or seal of the person or corporation whose signature or seal it purports to be, or of the official character of such person.

Informalities shall not invalidate.

6. No informality in the heading or other formal requisites of any oath made before any person under any provision of this section shall be an objection to its reception in evidence before the Board, if the Board thinks proper to receive it; and if it is actually sworn to by the person making it before any person duly authorized thereto, and is received in evidence, no such informality shall be set up to defeat an indictment for perjury. 1919, c. 68, s. 63.

Fees and allowances.

**64.** Every person summoned to attend before the Minister or the Board, or before any inspecting engineer, or person appointed under this Act to make inquiry and report shall, in the discretion of the Minister or the Board, receive the like fees and allowances for so doing as if summoned to attend before the Exchequer Court. 1919, c. 68, s. 64.

No person to be excused from producing.

**65.** No person shall be excused from attending and producing books, papers, tariffs, contracts, agreements and documents, in obedience to the subpœna or order of the Board, or of any person authorized to hold any investigation or inquiry under this Act, or in any cause or proceeding based upon or arising out of any alleged violation of this Act, on the ground that the documentary evidence required of him may tend to criminate him or subject him to any proceeding or penalty; but no such book, paper, tariffs, contract, agreement or document so produced shall be used or receivable against such person in any criminal



120318



proceeding thereafter instituted against him, other than a prosecution for perjury in giving evidence upon such investigation or inquiry, cause or proceeding. 1919, c. 68, s. 65.

Documents issued by the company.

**66.** In any proceeding before the Board and in any action or proceeding under this Act, every written or printed document purporting to have been issued or authorized by the company, or any officer, agent, or employee of the company, or any other person or company for or on its behalf, shall, as against the company, be received as *primâ facie* evidence of the issue of such document by the company and of the contents thereof, without any further proof than the mere production of such document. 1919, c. 68, s. 66.

Documents issued by Minister, Board or engineer.

**67.** Every document purporting to be signed by the Minister, or by the Chief Commissioner and Secretary or either of them, or by an inspecting engineer, shall, without proof of any such signature, be *primâ facie* evidence that such document was duly signed and issued by the Minister, the Board, or inspecting engineer, as the case may be.

Copies.

2. If such document purports to be a copy of any regulation, order, direction, decision or report made or given by the Minister, the Board, or an inspecting engineer, it shall be *primâ facie* evidence of such regulation, order, direction, decision or report. 1919, c. 68, s. 67.

Documents certified by Secretary.

**68.** Any document purporting to be certified by the Secretary as being a copy of any plan, profile, book of reference or other document deposited with the Board, or of any portion thereof, shall, without proof of the signature of the Secretary, be *primâ facie* evidence of such original document, and that the same is so deposited, and is signed, certified, attested or executed by the persons by whom and in the manner in which, the same purports to be signed, certified, attested or executed, as shown or appearing from such certified copy; and also, if such certificate states the time when such original was so deposited, that the same was deposited at the time so stated.

Documents in custody of the Board.

2. A copy of any regulation, order or other document in the custody of the Secretary or of record with the Board, certified by the Secretary to be a true copy, and sealed with the seal of the Board, shall be *primâ facie* evidence of such regulation, order or document, without proof of signature of the Secretary.

Certificate that no order or regulation made.

3. A certificate purporting to be signed by the Secretary, sealed with the seal of the Board, shall be *primâ facie* evidence of the facts therein stated without proof of the signature of the Secretary. 1919, c. 68, s. 68.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120319



*Inquiries.*

Board may order.

**69.** The Board may appoint or direct any person to make an inquiry and report upon any application, complaint or dispute pending before the Board, or upon any matter or thing over which the Board has jurisdiction under this or the Special Act.

Minister may order inquiry.

2. The Minister may, with the approval of the Governor in Council, appoint and direct any person to inquire into and report upon any matter or thing which the Minister is authorized to deal with under this Act or the Special Act. 1919, c. 68, s. 69.

Powers.

**70.** The Minister, the Board, or the inspecting engineer, or person appointed under this Act to make any inquiry or report may

Entry.

(*a*) enter upon and inspect any place, building, or works, being the property or under the control of any company, the entry or inspection of which appears to it or him requisite;

Inspection.

(*b*) inspect any works, structure, rolling stock or other property of the company;

Attendance and returns.

(*c*) require the attendance of all such persons as it or he thinks fit to summon and examine, and require answers or returns to such inquiries as it or he thinks fit to make;

Production.

(*d*) require the production of all material books, papers, plans, specifications, drawings and documents; and

Oaths.

(*e*) administer oaths, affirmations or declarations;

Generally.

and shall have the like power in summoning witnesses and enforcing their attendance, and compelling them to give evidence and produce books, papers or things which they are required to produce, as is vested in any court in civil cases. 1919, c. 68, s. 70.

*Inspecting Engineers.*

Appointment of inspecting engineers.

**71.** Inspecting engineers may be appointed by the Minister or the Board, subject to the approval of the Governor in Council.

Duties.

2. It shall be the duty of every such inspecting engineer, upon being directed by the Minister or the Board, as the case may be, to inspect any railway, or any branch line, siding, or portion thereof, whether constructed, or in the course of construction, to examine the stations, rolling stock, rails, roadbed, right of way, tracks, bridges, tunnels, trestles, viaducts, drainage, culverts, railway crossings and junctions, highway and farm crossings, fences, gates, and cattleguards, telegraph, telephone or other lines of electricity, and all other buildings, works, structures, equipment, apparatus, and appliances thereon, or to be constructed



R.S., 1927.

120320



structed or used thereon, or such part thereof as the Minister, or the Board, as the case may be, may direct, and forthwith to report fully thereon in writing to the Minister or the Board, as the case may be.

Powers of inspecting engineer.

3. Every such inspecting engineer shall have the same powers with regard to any such inspection as are by this Act conferred upon a person appointed by the Board to make an inquiry and report upon any matter pending before the Board.

Duties of company respecting inspecting engineers.

4. Every company, and the officers and directors thereof, shall afford to any inspecting engineer such information as is within their knowledge and power, in all matters inquired into by him, and shall submit to such inspecting engineer all plans, specifications, drawings and documents relating to the construction, repair, or state of repair of the railway, or any portion thereof.

Inspecting engineers may travel free.

5. Every such inspecting engineer shall have the right, while engaged in the business of such inspection, to travel without charge on any of the ordinary passenger trains running on the railway, and to use without charge the telegraph wires and machinery in the offices or under the control of any such company.

Use telegraph wires.

Transmission of telegrams.

6. The operators, or officers, employed in the telegraph offices or under the control of the company, shall, without unnecessary delay, obey all orders of any such inspecting engineer for transmitting messages.

Proof of engineer's authority.

7. The production of his appointment in writing, signed by the Minister, the Chief Commissioner, or the Secretary, shall be sufficient evidence of the authority of such inspecting engineer. 1919, c. 68, s. 71.

RAILWAY COMPANIES.

*Incorporation.*

General powers.

**72.** Every railway company incorporated under a Special Act shall be a body corporate, under the name declared therein, and shall be vested with all such powers, privileges and immunities as are necessary to carry into effect the intention and objects of this Act, and of the Special Act, and which are incident to such corporation, or are expressed or included in the Interpretation Act. 1919, c. 68, s. 72.

*Offices.*

Head office.

**73.** The head office of the company shall be in the place designated in the Special Act, but the company may, by by-law, from time to time, change the location of its head office to any place in Canada: Provided that notice of any such change shall be given to the Secretary of the Board.

Change of location.



R.S., 1927.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120321



To be registered.

2. The Secretary of the Board shall keep a register wherein he shall enter all such changes of location so notified to him.

Other offices.

3. The directors of the company may establish one or more offices in other places in Canada or elsewhere. 1919, c. 68, s. 73.

*Provisional Directors.*

Provisional directors.

**74.** The persons mentioned by name as such in the Special Act shall be the provisional directors of the company.

Quorum.

2. A majority of such provisional directors shall form a quorum.

Powers.

3. The provisional directors may

(*a*) forthwith open stock books and procure subscriptions of stock for the undertaking;

(*b*) receive payments on account of stock subscribed;

(*c*) cause plans and surveys to be made; and

(*d*) deposit in any chartered bank of Canada moneys received by them on account of stock subscribed.

Moneys deposited.

4. The moneys so received and deposited shall not be withdrawn, except for the purposes of the undertaking, or upon the dissolution of the company.

Tenure of office.

5. The provisional directors shall hold office as such until the first election of directors. 1919, c. 68, s. 74.

Allotment of stock.

**75.** If more than the whole stock has been subscribed, the provisional directors shall allocate and apportion the authorized stock among the subscribers as they deem most advantageous and conducive to the furtherance of the undertaking. 1919, c. 68, s. 75.

*Capital.*

Shares.

**76.** The capital stock of the company, the amount of which shall be stated in the Special Act, shall be divided into shares of one hundred dollars each.

Application of proceeds.

2. The moneys raised from the capital stock shall be applied, in the first place, to the payment of all fees, expenses and disbursements for procuring the passing of the Special Act, and for making the surveys, plans and estimates of the works authorized by the Special Act; and all the remainder of such moneys shall be applied to the making, equipping, completing and maintaining of the railway, and other purposes of the undertaking. 1919, c. 68, s. 76.

First meeting of shareholders.

**77.** So soon as twenty-five per centum of the capital has been subscribed, and ten per centum of the amount subscribed has been paid into some chartered bank in Canada,



120322



ada, the provisional directors shall call a meeting of the shareholders of the company at the place where the head office is situate, at which meeting the shareholders who have paid at least ten per centum on the amount of stock subscribed for by them shall, from the shareholders possessing the qualifications hereinafter mentioned, elect the number of directors prescribed by the Special Act.

Notice thereof.

2. Notice of such meeting shall be given by advertisement for the time and in the manner hereinafter required for meetings of shareholders. 1919, c. 68, s. 77.

Increase of capital stock.

**78.** The original capital stock of the company may, with the approval of the Governor in Council, be increased, from time to time, to any amount, if

By vote.

(*a*) such increase is sanctioned by a vote, in person or by proxy, of the shareholders who hold at least two-thirds in amount of the subscribed stock of the company, at a meeting expressly called by the directors for that purpose; and

Minutes.

(*b*) the proceedings of such meeting have been entered in the minutes of the proceedings of the company.

Notice of meetings and object.

2. Notice in writing stating the time, place and object of such meeting, and the amount of the proposed increase, shall be given to each shareholder, at least twenty days previously to such meeting, by delivering the notice to the shareholder personally, or depositing the same in the post office, post paid, and properly directed to the shareholder. 1919, c. 68, s. 78.

*Shares.*

Personal property.

**79.** The stock of the company shall be personal property. 1919, c. 68, s. 79.

Registration of transfers.

**80.** No transfer of shares, unless made by sale under execution, or under the decree, order or judgment of a court of competent jurisdiction shall be valid for any purpose whatever, until entry thereof is duly made in the register of transfers, except for the purpose of exhibiting the rights of the parties thereto towards each other, and of rendering the transferee liable, in the meantime, jointly and severally, with the transferor to the company and its creditors: Provided that, as to the stock of any company listed and dealt with on any recognized stock exchange by means of scrip, commonly in use endorsed in blank and transferable by delivery, such endorsation and delivery shall, excepting for the purpose of voting at meetings of the company, constitute a valid transfer. 1919, c. 68, s. 80.

Exception as to listed shares represented by scrip.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120323

**81.** Transfers, except in the case of fully paid-up shares, shall be in the form following, or to the like effect, varying the names and descriptions of the contracting parties as the case requires, that is to say:—

Form of transfer.

"I, (A. B.), in consideration of the sum of paid to me by (C. D.), hereby sell and transfer to him share (*or* shares) of the stock of the , to hold to him, the said (C. D.), his executors, administrators and assigns (*or* successors and assigns, *as the case may be*), subject to the same rules and orders and on the same conditions upon which I held the same immediately before the execution hereof. And I, the said (C. D.), do hereby agree to accept of the said (A. B.) share (*or* shares) subject to the same rules, orders and conditions.

"Witness our hands this day of , in the year 19 ."

As to paid-up shares.

2. In the case of fully paid shares the transfer may be in such form as is prescribed by by-law of the company. 1919, c. 68, s. 81.

Restrictions on transfers.

**82.** No shares shall be transferable until all previous calls thereon have been fully paid up, or until the said shares have been declared forfeited for the non-payment of calls thereon.

Whole share.

2. No transfer of less than a whole share shall be valid. 1919, c. 68, s. 82.

Certicate of proprietorship of share.

**83.** The certificate of proprietorship of any share shall be *primâ facie* evidence of the title of any shareholder, his executors, administrators or assigns, or successors and assigns, as the case may be, to the share therein specified. 1919, c. 68, s. 83.

Sale without certificate.

**84.** The want of a certificate of proprietorship shall not prevent the holder of any share from disposing thereof. 1919, c. 68, s. 84.

Transmission of stock otherwise than by transfer.

**85.** If any share in the capital stock of the company is transmitted by the death, bankruptcy, last will and testament, *donatio mortis causâ*, or by the intestacy of any shareholder, or by any lawful means other than the transfer hereinbefore mentioned, the person to whom such share is transmitted shall deposit in the office of the company a statement in writing signed by him, which shall declare the manner of such transmission, and he shall deposit therewith a duly certified copy or probate of such will and testament, or sufficient extracts therefrom, and such other documents and proofs as are necessary.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120324



2. The person to whom the share is so transmitted as aforesaid, shall not, without complying with this section, be entitled to receive any part of the profits of the company, or to vote in respect of any such share as the holder thereof. 1919, c. 68, s. 85. Transferee must comply.

**86.** The company shall not be bound to see to the execution of any trust, whether express, implied or constructive, to which any share or security issued by it is subject, whether or not the company has had notice of the trust; and it may treat the registered holder as the absolute owner of any such share or security, and shall not be bound to recognize any claim on the part of any other person whomsoever, with respect to any such share or security, or the dividend or interest payable thereon; Provided that nothing in this section contained shall prevent a person equitably interested in any such share or security from procuring the intervention of the court to protect his rights. 1919, c. 68, s. 86. Company not bound to see to execution of trusts.

**87.** Every shareholder who makes default in the payment of any call payable by him, together with the interest, if any, accrued thereon, for the space of two months after the time appointed for the payment thereof, shall forfeit to the company his shares in the company, and all the profit and benefit thereof. Non-payment of calls. Forfeiture.

2. No advantage shall be taken of the forfeiture unless the shares are declared to be forfeited at a general meeting of the company, assembled at any time after such forfeiture has been incurred. 1919, c. 68, s. 87. Procedure.

**88.** Every shareholder so forfeiting shall be by such declaration of forfeiture relieved from liability in all actions, suits or prosecutions whatsoever which may be commenced or prosecuted against him for any breach of the contract existing between such shareholder and the other shareholders by reason of such shareholder having subscribed for or become the holder of the shares so forfeited. 1919, c. 68, s. 88. Effect of forfeiture.

**89.** The directors may, subject as hereinafter provided, sell, either by public auction or private sale, any shares so declared to be forfeited, upon authority therefor having been first given by the shareholders, either at the general meeting at which such shares were declared to be forfeited, or at any subsequent general meeting. Sale of forfeited shares.

2. The directors shall not sell or transfer more of the shares of any such defaulter than will be sufficient, as nearly as can be ascertained at the time of such sale, to pay Limitation.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L 20325



pay the arrears then due from such defaulter on account of any calls, together with interest, and the expenses attending such sale and declaration of forfeiture.

Surplus proceeds to defaulter.

3. If the money produced by the sale of any such forfeited shares is more than sufficient to pay all arrears of calls and interest thereon due at the time of such sale, and the expenses attending the declaration of forfeiture and the sale of such shares, the surplus shall, on demand, be paid to the defaulter.

Payment of arrears before sale.

4. If payment of such arrears of calls and interest and expenses is made before any share so forfeited and vested in the company is sold, such share shall revert to the person to whom it belonged before such forfeiture, who shall be entitled thereto as if such calls had been duly paid.

Any shareholder may purchase.

5. Any shareholder may purchase any forfeited share so sold. 1919, c. 68, s. 89.

Certificate of treasurer to constitute title.

**90.** A certificate of the treasurer of the company that any share of the company has been declared forfeited for non-payment of any call, and that such share has been purchased by a purchaser therein named shall, together with the receipt of the treasurer of the company for the price of such share, constitute a good title thereto.

To be registered.

2. Such certificate shall be by the treasurer registered in the name and with the place of abode and occupation of the purchaser, and shall be entered in the books to be kept by the company, and such purchaser shall thereupon be deemed to be the holder of such share.

Purchase money.

3. The purchaser shall not be bound to see to the application of the purchase money.

Irregularity.

4. The title of the purchaser to such share shall not be affected by any irregularity in the proceedings in reference to such sale. 1919, c. 68, s. 90.

Certificate of forfeiture of share.

**91.** A certificate of the treasurer of the company that any share of the company has been declared forfeited for non-payment of any call or interest accrued thereon, and that such share has been purchased by a purchaser therein named shall be sufficient evidence of such facts. 1919, c. 68, s. 91.

Shareholders may advance.

**92.** Any shareholder who is willing to advance the amount of his shares, or any part of the money due upon his shares, beyond the sums actually called for, may pay the same to the company.

Interest.

2. Upon the principal moneys so paid in advance, or so much thereof as, from time to time, exceeds the amount of the calls then made upon the shares in respect of which such advance is made, the company may pay such interest at



L 20326



at the lawful rate of interest for the time being, as the shareholders, who pay such sum in advance, and the company agree upon.

No interest out of capital.

3. Such interest shall not be paid out of the capital subscribed. 1919, c. 68, s. 92.

Limited liability.

**93.** Every shareholder shall be individually liable to the creditors of the company for the debts and liabilities of the company to an amount equal to the amount unpaid on the stock held by him, and until the whole amount of his stock has been paid up: Provided that no action shall be instituted or maintained against any such shareholder in respect of his said liability until an execution at the suit of the creditor against the company has been returned unsatisfied in whole or in part. 1919, c. 68, s. 93.

Municipal corporations may take stock.

**94.** Municipal corporations in any province of Canada duly empowered so to do by the laws of the province may, subject to the limitations and restrictions in such laws prescribed, subscribe for any number of shares in the capital stock of the company. 1919, c. 68, s. 94.

Aliens.

**95.** All shareholders in the company, whether British subjects or aliens, or residents in Canada or elsewhere, shall have equal rights to hold stock in the company, and to vote on the same, and, subject as herein provided, shall be eligible to office in the company. 1919, c. 68, s. 95.

Shareholders have equal rights.

Record of shareholders.

**96.** A true and perfect account of the names and places of abode of the several shareholders shall be entered in a book, which shall be kept for that purpose, and which shall be open to the inspection of the shareholders. 1919, c. 68, s. 96.

*Calls.*

How made.

**97.** The directors may, from time to time, make such calls of money as they deem necessary upon the respective shareholders, in respect of the amount of capital respectively subscribed or owing by them, if the intervals between such calls, the notices of each call, and the other provisions of this Act and of the Special Act, in respect of calls, are duly observed and given.

Notice.

2. At least thirty days' notice shall be given of each call.

Amount.

3. No call shall exceed ten per centum of the amount of each share subscribed, unless otherwise provided in the Special Act.

Intervals.

4. No call shall be made at a less interval than two months from the previous call.

Annual amount.

5. A greater amount shall not be called in, in any one year, than the amount prescribed in the Special Act.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120327



Resolution.

6. Nothing herein contained shall prevent the directors from making more than one call by one resolution of the Board. 1919, c. 68, s. 97.

Publication of notice of call.

**98.** At least four weeks' notice of any call upon the shareholders of the company shall be given by weekly publication in the *Canada Gazette*, and in at least one newspaper published in the place where the head office of the company is situate.

Evidence.

2. A copy of the *Canada Gazette* containing any such notice shall on production thereof be sufficient evidence of such notice having been given. 1919, c. 68, s. 98.

Liability of shareholder.

**99.** Every shareholder shall be liable to pay the amount of the calls so made, in respect of the shares held by him, to the persons, and at the times and places, from time to time appointed by the company or the directors. 1919, c. 68, s. 99.

Overdue calls bear interest.

Five per cent.

**100.** If, on or before the day appointed for payment of any call, any shareholder does not pay the amount of such call, he shall be liable to pay interest upon such amount, at the rate of five per centum per annum, from the day appointed for the payment thereof to the time of the actual payment. 1919, c. 68, s. 100.

Failure to pay call.

Suit.

**101.** If, at the time appointed for the payment of any call, any shareholder fails to pay the amount of the call, he may be sued therefor in any court of competent jurisdiction, and such amount shall be recoverable with lawful interest from the day on which the call became payable. 1919, c. 68, s. 101.

Pleadings.

**102.** In any action or suit to recover any money due upon any call, it shall not be necessary to set forth the special matter, but it shall be sufficient to declare that the defendant is the holder of one share or more, stating the number of shares, and is indebted in the sum of money to which the calls in arrear amount, in respect of one call or more, upon one share or more, stating the number and amount of each of such calls. 1919, c. 68, s. 102.

*Meetings of Shareholders.*

Annual meeting.

**103.** A general meeting of the shareholders for the election of directors, and for the transaction of other business connected with or incident to the undertaking, to be called the annual meeting, shall be held annually on the day mentioned in the Special Act, or on such other day as the directors may determine.



120328



Special meetings.

2. Other general meetings, to be called special meetings, may be called at any time by the directors, or by shareholders representing at least one-fourth in value of the subscribed stock, if the directors, having been requested by such shareholders to convene a special meeting, fail, for twenty-one days thereafter, to call such meeting. 1919, c. 68, s. 103.

At head office.

**104.** All general meetings, whether annual or special, shall be held at the head office of the company. 1919, c. 68, s. 104.

Notice of meetings.

**105.** At least four weeks' public notice of any meeting shall be given by advertisement published in the *Canada Gazette*, and in at least one newspaper published in the place where the head office is situate.

Place and day.

2. Such notices shall specify the place and the day and the hour of meeting.

Publication.

3. All such notices shall be published weekly.

Evidence of notice.

4. A copy of the *Canada Gazette* containing such notice shall, on production thereof, be sufficient evidence of such notice having been given. 1919, c. 68, s. 105.

Business.

**106.** Any business connected with or incident to the undertaking may be transacted at an annual meeting, except such business as is, by this Act or the Special Act, required to be transacted at a special meeting.

At special meeting.

2. No special meeting shall enter upon any business not set forth in the notice upon which it is convened. 1919, c. 68, s. 106.

Voting.

**107.** The number of votes to which each shareholder shall be entitled, at any meeting of the shareholders, shall be in the proportion of the number of shares held by him, on which all calls due have been paid. 1919, c. 68, s. 107.

By proxy.

**108.** Every shareholder, whether resident in Canada or elsewhere, may vote by proxy, if he sees fit, and if such proxy produces from his constituent an appointment in writing, in the words or to the effect following, that is to say:—

Form of proxy.

"I, of , one of the shareholders of the , do hereby appoint of , to be my proxy, and in my absence, to vote or give my assent to any business, matter or thing relating to the undertaking of the said that is mentioned or proposed at any meeting of the shareholders of the said company, in such manner as he, the said thinks proper.

"In witness whereof, I have hereunto set my hand and seal the day of in the year ."



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120329



Valid. 2. The votes by proxy shall be as valid as if the constituents had voted in person. 1919, c. 68, s. 108.

Majority vote. **109.** Every matter or thing proposed or considered at any meeting of the shareholders shall, except as otherwise specially provided, be determined by the majority of votes and proxies then present and given.

Binding. 2. All decisions and acts of any such majority shall bind the company and be deemed the decisions and acts of the company. 1919, c. 68, s. 109.

Notices by secretary. **110.** All notices given by the secretary of the company by order of the directors shall be deemed notices by the directors of the company. 1919, c. 68, s. 110.

*President and Directors.*

Chosen at annual meeting. **111.** A board of directors of the company, to manage its affairs, the number of whom shall be stated in the Special Act, shall be chosen at the annual meeting.

Or special meeting. 2. If such election is not held at the annual meeting, the directors shall cause such election to be held at a special meeting duly called for that purpose, within as short a delay as possible after the annual meeting.

Voting. 3. No person shall vote at such special meeting except those who would have been entitled to vote if the election had been held at the annual meeting. 1919, c. 68, s. 111.

Municipal corporations to be represented. **112.** The mayor, warden, reeve or other head officer of any municipal corporation, in any province of Canada holding stock in any company to the amount of twenty thousand dollars or upwards, shall be *ex officio* one of the directors of the company, in addition to the number of directors authorized by the Special Act, unless in such Special Act provision is made for the representation of such corporation on the directorate of such company. 1919, c. 68, s. 112.

Qualifications of directors. **113.** No person shall be a director unless he is a shareholder, owning twenty shares of stock, and has paid all calls due thereon, and is qualified to vote for directors at the election at which he is chosen.

Disability of officers, contractors and sureties. 2. No person who holds any office, place or employment in the company, or who is concerned or interested in any contract under or with the company, or is surety for any contractor with the company, shall be capable of being chosen a director, or of holding the office of director.

Majority of directors British subjects. 3. A majority of the directors shall be British subjects, unless the Governor in Council otherwise permits. 1919, c. 68, s. 113.



120330



Term of office. **114.** The directors appointed at the last election, or those appointed in their stead in case of vacancy, shall remain in office until their successors are appointed. 1919, c. 68, s. 114.

Vacancies in directorate. **115.** Vacancies in the board of directors shall be filled in the manner prescribed by the by-laws. 1919, c. 68, s. 115.

How filled. **116.** In case of the death, absence or resignation of any of the directors, others may, unless otherwise prescribed by the by-laws, be appointed in their stead by the remaining directors.

If no quorum. 2. In case such remaining directors do not constitute a quorum, the shareholders, at a special meeting to be called for that purpose, may, unless otherwise prescribed in the by-laws, elect such other directors.

If not filled. 3. If such appointment or election is not made, such death, absence or resignation shall not invalidate the acts of the remaining directors. 1919, c. 68, s. 116.

President and Vice-President. **117.** The directors shall, at their first or some other meeting after their election, elect one of their number to be the president of the company; and they may, in like manner, elect one or more vice-presidents.

Tenure. 2. The president shall hold his office until he ceases to be a director, or until another president has been elected in his stead, and unless otherwise provided by by-law, shall always, when present, be the chairman of and preside at all meetings of the directors.

Duties. 3. In the absence of the president the vice-president, or one of the vice-presidents, according to such priority as may be prescribed by by-law or determined by the directors, shall act as chairman.

Chairman. 4. In the absence of the president and the vice-president, or vice-presidents, the directors at any meeting at which not less than a quorum are present, shall be competent to elect a chairman from among their number to preside at such meeting. 1919, c. 68, s. 117.

Quorum. **118.** A majority of the directors shall form a quorum.

Acts of quorum binding. 2. The directors at any meeting regularly held, at which not less than a quorum are present, shall be competent to exercise all or any of the powers vested in the directors; and the act of a majority of a quorum of the directors present at any such meeting shall be deemed the act of the directors. 1919, c. 68, s. 118.

Votes of directors. **119.** No director shall have more than one vote, except the chairman, who shall, in case of a division of equal numbers, have the casting vote. 1919, c. 68, s. 119.

Casting vote.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120331

Directors subect to shareholders and by-laws.

**120.** The directors shall be subject to the examination and control of the shareholders at their annual meetings, and shall be subject to all by-laws of the company, and to the orders and directions from time to time made or given at the annual or special meetings if such orders and directions are not contrary to or inconsistent with any express direction or provision of this Act or of the Special Act. 1919, c. 68, s. 120.

Directors not to contract with company.

**121.** No person who is a director of the company shall enter into, or be directly or indirectly, for his own use and benefit, interested in any contract with the company other than a contract which relates to the purchase of land necessary for the railway, nor shall any such person be or become a partner of or surety for any contractor with the company. 1919, c. 68, s. 121.

Directors may make by-laws.

**122.** The directors may make by-laws or pass resolutions, from time to time, not inconsistent with law, for

(*a*) the management and disposition of the stock, property, business and affairs of the company;

(*b*) the appointment of all officers, servants and artificers, and the prescribing of their respective duties and the compensation to be made therefor; and

(*c*) the retirement of such of said officers and servants, on such terms as to an annual allowance or otherwise, as in each case the directors, in the interest of the company's service, and under the circumstances, consider just and reasonable.

By-laws for election of officers.

2. The directors may also, from time to time, make by-laws or pass resolutions for the election or appointment of officers of the company, who need not be directors, as vice-presidents of the company, and may by any such by-law or resolution specify the manner of such election or appointment and define the powers, duties, qualifications and term of office of such vice-presidents, each of whom shall have and may exercise, subject to the limitations set forth in any such by-law or resolution, all the powers of a vice-president elected by the directors pursuant to the provisions of this Act.

Evidence.

3. A copy of any such by-law or resolution certified as correct by the president, secretary or other executive officer of the company and bearing the seal of the company shall be evidence thereof. 1919, c. 68, s. 122.

Appointment of officers. Security.

**123.** The directors shall, from time to time, appoint such officers as they deem requisite, and shall take such sufficient security as they think proper from the managers and officers, for the time being, for the safe-keeping and



120332



accounting for by them respectively of the moneys raised by virtue of this Act and the Special Act, and for the faithful execution of their duties.

By bond or guarantee.

2. Such security may, as the directors deem expedient, be by bond or by the guarantee of any society or joint stock company incorporated and empowered to grant guarantees, bonds, covenants or policies for the integrity and faithful accounting of persons occupying positions of trust, or for other like purposes. 1919, c. 68, s. 123.

Vice-President, powers of.

**124.** In the case of the absence or illness of the president, the vice-president or one of the vice-presidents shall have all the rights and powers of the president, and may sign all debentures and other instruments, and perform all acts which, by the regulations and by-laws of the company, or by the Special Act, are required to be signed, performed and done by the president.

Empowering a director to act.

2. In the absence or illness of the president and the vice-president, or vice-presidents, any director of the company acting under the express authority of the board of directors may while so acting exercise the rights and powers of the president or vice-president as hereinbefore set forth.

Entry in minutes.

3. The directors may, at any meeting of the directors, require the secretary of the company to enter such absence or illness among the proceedings of such meeting.

Evidence of absence or illness.

4. A certificate of any such absence or illness signed by the secretary of the company shall be delivered to any person requiring the same on payment to the treasurer of one dollar, and such certificate shall be *primâ facie* evidence of the absence or illness therein certified. 1919, c. 68, s. 124.

Copies of minutes to be evidence.

**125.** Copies of the minutes of proceedings and resolutions of the shareholders of the company, at any annual or special meeting, and of the minutes of proceedings and resolutions of the directors, at their meetings, extracted from the minute book, kept by the secretary of the company, and by him certified to be true copies extracted from such minute book, when sealed with the company's seal, shall, without proof of the signature of such secretary, be evidence of such proceedings and resolutions. 1919, c. 68, s. 125.

Accounts.

**126.** The directors shall cause to be kept, and, annually, on the thirty-first day of December, to be made up and balanced, a true, exact and particular account of the moneys collected and received by the company, or by the directors or managers thereof, or otherwise for the use of the company, and of the charges and expenses attending the erecting, making, supporting, maintaining and carrying on of the undertaking, and of all other receipts and expenditures of the company or the directors. 1919, c. 68, s. 126.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120333



*Dividends and Interest.*

Declaration of dividends.

**127.** Dividends, at and after the rate of so much per share upon the several shares held by the shareholders in the stock of the company, may, from time to time, be declared and paid by the directors out of the net profits of the undertaking. 1919, c. 68, s. 127.

Reserve fund.

**128.** The directors may, before recommending any dividend, set aside out of the profits of the company such sums as they think proper as a reserve fund, to meet contingencies, or for equalizing dividends, or for repairing, maintaining, renewing or extending the railway or any portion thereof, and shall submit their action in regard to such reserve fund to the shareholders at a general meeting for their approval.

How invested.

2. The directors may invest the sum so set apart as a reserve fund in such securities, not inconsistent with this or the Special Act, as they select. 1919, c. 68, s. 128.

No dividend out of capital.

**129.** No dividend shall be

(*a*) declared whereby the capital of the company is in any degree reduced or impaired; or

Or if call unpaid.

(*b*) paid out of such capital; or

(*c*) paid in respect of any share, after a day appointed for payment of any call for money in respect thereof, until such call has been paid:

Proviso as to interest.

Provided that the directors may in their discretion, until the railway is completed and opened to the public, pay interest at any rate, not exceeding five per cent per annum, on all sums actually paid in cash in respect of the shares, from the respective days on which the same have been paid, and that such interest shall accrue and be paid at such times and places as the directors appoint for that purpose. 1919, c. 68, s. 129.

No interest if shareholder in arrears.

**130.** No interest shall accrue to any shareholder in respect of any share upon which any call is in arrear, or in respect of any other share held by such shareholder while such call remains unpaid. 1919, c. 68, s. 130.

Arrears deducted from dividend.

**131.** The directors may deduct, from any dividend payable to any shareholder, all or any such sum or sums of money as are due from him to the company on account of any call or otherwise. 1919, c. 68, s. 131.

*Bonds, Mortgages and Borrowing Powers.*

Authorized.

**132.** Subject to the provisions of this Act and of the Special Act, the directors of the company may, when thereunto authorized by the Special Act, issue bonds, debentures,



120334



tures, perpetual or terminable debenture stock, or other securities, if duly empowered in that behalf by the shareholders, at any special meeting called for the purpose by notice in the manner provided by this Act, or at any annual meeting in case like notice of intention to apply for such authority at such annual meeting has been given, at which meeting, whether annual or special, shareholders representing at least two-thirds in value of the subscribed stock of the company and who have paid all calls due thereon, are present in person, or represented by proxy.

Securities, how executed.

2. Such securities,

(*a*) if in the form of bonds, may be signed by the president, or the vice-president or one of the vice-presidents, or a director, and countersigned by the secretary or an assistant or local secretary of the company; and any coupons attached to such bonds shall bear the signature of the treasurer or secretary of the company: Provided that the signature of the president on the bonds, and the signature of the treasurer or secretary on the coupons, may be engraved, lithographed or otherwise mechanically reproduced *facsimile* of such signatures respectively; and such reproduced and all other signatures of the officers aforesaid shall, for all purposes, be valid and binding upon the company, notwithstanding that at the date of the issue or certification of the bonds or coupons the persons whose signatures so appear are not the president, vice-president, director, treasurer, secretary, or assistant or local secretary, of the company as the case may be; Bonds.

(*b*) if in the form of debenture stock, may be signed in the same way as herein provided for the signature of bonds, or may be signed by the secretary or an assistant or local secretary of the company and countersigned by the registrar or an assistant or local registrar of the stock for the time being, or such other officers as the directors may designate; Debenture stock.

(*c*) if in any form other than bonds or debenture stock, may be signed in the same way as herein provided for the signature of bonds. Other securities.

When and where payable. Interest.

3. Such securities may be made payable at such times and in such manner and at such place or places in Canada or elsewhere, and may bear such rate of interest, not exceeding six per centum per annum, as the directors think proper.

Terms of sale.

4. The directors may, for the purpose of raising money for prosecuting the undertaking, issue, and sell or pledge, all or any of the said securities, at the best price, and upon the best terms and conditions, which at the time they may be able to obtain.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120335



Extent of borrowing power.

5. The power of issuing securities conferred upon the company by this Act, or under the Special Act, shall not be construed as being exhausted by any issue, and such power may be exercised from time to time: Provided that the limit to the amount of securities fixed in the Special Act shall not be exceeded. 1919, c. 68, s. 132.

Securities pledged for loans or advances.

**133.** When securities issued under the last preceding section have been deposited or pledged by the company, as security for a loan or for advances made to it, and such loan or advances have been paid off and such deposit or pledge redeemed, such securities shall not be deemed to have been paid off or to have become extinguished, but shall be deemed to be still alive, and the company may reissue them, or may cancel them and issue other securities in lieu thereof; in such event the person to whom such issue or reissue is made shall have the same rights and priorities as if the securities had not previously been issued.

When not deemed paid off.

2. Where a company has deposited any of its securities to secure advances from time to time on current account, such securities shall not be deemed to have been paid off or extinguished by reason only of the account of the company ceasing to be in debit while the securities remain so deposited.

Reissue not a new security.

3. The issue or reissue of a security under this section shall not be treated as the issue of a new security for the purpose of any provision limiting the number or amount of the securities to be issued.

To be retroactive.

4. This section shall be retrospective in its operation, and shall apply to securities heretofore as well as to securities hereafter issued, deposited or pledged, and to past as well as to future transactions relating to or affecting the same, but nothing therein shall prejudice

Pending proceedings not affected.

(*a*) the operation of any judgment or order of a court of competent jurisdiction pronounced or made in any legal proceedings which were pending on the nineteenth day of May, one thousand nine hundred and nine, as between the parties to the proceedings, in which judgment was pronounced or the order made, and any appeal from any such judgment or order shall be decided as if this section had not been enacted;

Issue of securities in place of those paid off.

(*b*) any power to issue securities in the place of any securities paid off, or otherwise satisfied or extinguished, reserved to a company by the securities themselves, or by any mortgage or trust deed securing them. 1919, c. 68, s. 133.

Provincial railways.

**134.** No power to issue or dispose of any such securities conferred by any Special Act of a provincial legislature shall, if such railway is thereafter brought under the legislative



120336



lative authority of the Parliament of Canada, be subsequently exercised without the sanction of the Governor in Council. 1919, c. 68, s. 134.

Mortgage deeds of trust.

**135.** The company may secure such securities by one or more deeds of trust by way of mortgage or charge creating such mortgages, charges and encumbrances upon the whole of such property, assets, rents and revenues of the company, present or future, or both, as are described therein: Provided that such property, assets, rents and revenues shall be subject, in the first instance, to the payment of any penalty then or thereafter imposed upon the company for non-compliance with the requirements of this Act, and next, to the payment of the working expenditure of the railway.

Powers which may be granted in mortgage.

2. By such a mortgage deed the company may grant to the holders of such securities or the trustee or trustees named in such mortgage deed all and every the powers, rights and remedies granted by this Act in respect of the said securities, and all other powers, rights and remedies, not inconsistent with this Act, or may restrict the said holders, or trustee or trustees, in the exercise of any power, privilege or remedy granted by this Act, as the case may be; and all the powers, rights, and remedies, so provided for in such mortgage deed, shall be valid and binding and available to the said holders and trustee or trustees in manner and form as therein provided. 1919, 68, s. 135.

Property excepted from mortgage.

**136.** The company may except from the operation of any such mortgage any assets, property, rents or revenue of the company, and may declare and provide therein that such mortgage shall only apply to and affect certain sections or portions of the railway or property of the company.

Special description.

2. Where any such exception is made, the company shall in such mortgage deed expressly specify and describe, with sufficient particularity to identify the same, the assets, property, rents or revenue of the company, or the sections or portions of the railway not intended to be included therein or conveyed thereby. 1919, c. 68, s. 136.

Deposit with Secretary of State.

**137.** Every such mortgage deed, and every assignment thereof, or other instrument in any way affecting such mortgage or security, shall be deposited in the office of the Secretary of State of Canada, and notice of such deposit shall forthwith be given in the *Canada Gazette*. 1919, c. 68, s. 137.

Notice.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120337



Other filing, deposit or registration not necessary.

**138.** Where the provisions of the last preceding section have been complied with, or where by any Act of the Parliament of Canada heretofore or hereafter passed, provision was or is made for the deposit in the office of the Secretary of State of Canada of any mortgage or mortgage deed given to secure the payment of bonds or other securities issued by the company and the provisions with regard to such deposit have been duly complied with, it is hereby declared and enacted that it was and is unnecessary for any purpose that such mortgage, or any assignment thereof, or any other instrument in any way affecting it, should have been or should be otherwise deposited, registered or filed under the provisions of any law respecting the deposit, registration or filing of instruments affecting real or personal property: Provided that if such Act expressly required or requires some additional or other deposit, registration or filing, nothing herein contained shall be taken or held to dispense therewith or to waive any non-compliance with such requirement. 1919, c. 68, s. 138.

Copy of instruments deposited, evidence of.

**139.** A copy of any mortgage deed securing any bonds, debentures, or other securities issued under the authority of this Act and the Special Act, and of any assignment thereof, or other instrument in any way affecting such mortgage or security, deposited in the office of the Secretary of State of Canada, purporting to be certified to be a true copy by the Secretary of State, or by the Deputy Registrar General of Canada, shall be *primâ facie* evidence of the original, without proof of the signature of such official. 1919, c. 68, s. 139.

Ranking of securities.

**140.** Subject however to the payment of the penalties and the working expenditure of the railway as hereinbefore provided, the securities so authorized and the mortgage deeds respectively securing the same shall rank against the company, and upon the franchise, undertaking, tolls and income, rents and revenues, and the real and personal property thereof, according to the priorities, if any, established by such mortgage deeds.

Holder a mortgagee.

2. Each holder of the said securities shall be deemed to be a mortgagee or encumbrancee upon the mortgaged premises *pro rata* with all other holders of the same issue and in accordance with and having regard to the priorities, if any, so established; but no proceedings authorized by law, or by this Act, shall be taken to enforce payment of the said securities or of the interest thereon except through the trustee or trustees appointed by or under such mortgage deed or deeds. 1919, c. 68, s. 140.



120338



Default of company.

**141.** If the company makes default in paying the principal of or interest on any of such securities at the time when such principal or interest, by the terms of the securities, becomes due and payable, then at the next annual general meeting of the company, and at all subsequent meetings, all holders of such securities so being and remaining in default, shall, in respect thereof, subject to the provisions of the next following section, have and possess the same rights, privileges and qualifications for being elected directors, and for voting at general meetings, as would attach to them as shareholders, if they held fully paid-up shares of the company to a corresponding amount. 1919, c. 68, s. 141.

Rights of security holders.

Limitations affecting such rights.

**142.** The rights given by the last preceding section shall not be exercised by any such holder, unless it is so provided by the mortgage deed, nor unless the security in respect of which he claims to exercise such rights has been registered in his name, in the same manner as the shares of the company are registered, at least ten days before he attempts to exercise the right of voting thereon.

Registration.

2. The company shall be bound on demand to register such securities, and thereafter any transfers thereof, in the same manner as shares or transfers of shares. 1919, c. 68, s. 142.

Other rights not affected.

**143.** The exercise of the rights so given as provided by the last two preceding sections, shall not take away, limit or restrain any other of the rights or remedies to which the holders of the said securities are entitled under the provisions of such mortgage deed. 1919, c. 68, s. 143.

Transfer by delivery.

**144.** All such securities may be made payable to bearer, and shall, in that case, be transferable by delivery until registration thereof, as hereinbefore provided.

Or writing if registered.

2. While so registered, they shall be transferable by written transfers, registered in the manner prescribed in the mortgage deed or deeds. 1919, c. 68, s. 144.

Power to borrow by overdraft, etc.

**145.** The company may, for the purposes of the undertaking, borrow money by overdraft or upon promissory note, warehouse receipt, bills of exchange, or otherwise upon the credit of the company, and become party to promissory notes and bills of exchange.

Note or bill of company, how made.

2. Every such note or bill made, drawn, accepted or endorsed by the president or vice-president or one of the vice-presidents of the company, or other officer authorized by the by-laws of the company or by resolution of the directors, and countersigned by the secretary, or assistant or local secretary, or treasurer of the company, shall be



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120339



binding on the company, and shall be presumed to have been made, drawn, accepted or endorsed with proper authority, until the contrary is shown.

No seal necessary.

3. It shall not be necessary in any case to have the seal of the company affixed to any such promissory note or bill of exchange.

No bill payable to bearer.

4. Nothing in this section shall be construed to authorize the company to issue any note or bill payable to bearer, or intended to be circulated as money, or as the note or bill of a bank.

Officers not personally liable.

5. Neither the president, vice-president or secretary, nor any other officer of the company so authorized as aforesaid, shall be individually responsible for any such promissory note or bill of exchange made, drawn, accepted or endorsed, or countersigned by him, unless such promissory note or bill of exchange has been issued without proper authority. 1919, c. 68, s. 145.

*Contracts Respecting Rolling Stock.*

Deposit of contract evidencing lease, etc., of rolling stock.

**146.** Any contract evidencing the lease, conditional sale or bailment of rolling stock to a company shall be in writing, duly executed by the parties thereto, and the same or a copy thereof may be deposited in the office of the Secretary of State of Canada, within twenty-one days from the execution thereof, and no contract so deposited need be otherwise deposited, registered or filed under the provisions of any law respecting the deposit, registration or filing of instruments affecting real or personal property, and upon the due execution and deposit of any such lease, conditional sale or bailment of rolling stock as aforesaid, the same shall be valid against all persons.

Notice of deposit.

2. Notice of such deposit shall forthwith thereafter be given in the *Canada Gazette*. 1919, c. 68, s. 146.

*Purchase of Railway Securities.*

Company not to purchase railway stock.

**147.** Except as in this Act or the Special Act otherwise provided, no company shall either directly or indirectly, employ any of its funds in the purchase of its own stock, or in the acquisition of any shares, bonds or other securities, issued by any other railway company, or in the purchase or acquisition of any interest in any such stock, shares, bonds or other securities. 1919, c. 68, s. 147.

*Disposing of Lands obtained as Subsidy, etc.*

Company may dispose of lands acquired from Crown.

**148.** Any company which has obtained from the Crown, by way of subsidy or otherwise, in respect of the construction or operation of its railway, a right to any land or to an interest in land, has, and from the time of obtaining such right has had, as incident to the exercise of its corporate powers, authority to acquire, sell or otherwise dispose of the same or any part thereof.



120340



May convey right to another company.

2. Such company may convey such right or interest, or any part thereof, to any other company which has entered into any undertaking for the construction or operation, in whole or in part, of the railway in respect of which such land or interest in land was given; and thereafter such other company shall have, in respect of such land or interest in land, the same authority as that of the company which has so conveyed it. 1919, c. 68, s. 148.

Lands given to company by any person.

**149.** If any lands have been given to the company by any corporation or person, as aid towards, or as consideration in whole or in part for the construction or operation of the company's railway, either generally or with respect to the adoption of any particular route, or on any other account, the authority of the company, and of any other company to which it may convey its right in any of the said lands, shall be the same as if such lands had been obtained by the company from the Crown as aforesaid. 1919, c. 68, s. 149.

*Purchase of Railway by Person without Corporate Power to Operate.*

Purchaser to obtain authority to operate.

**150.** If any railway, or any section of any railway, is sold under the provisions of any deed or mortgage, or at the instance of the holders of any mortgage, bonds or debentures, for the payment of which any charge has been created thereon, or under any other lawful proceeding, and is purchased by any person not having corporate power to hold and operate the same, the purchaser shall not run or operate such railway until authority therefor has been obtained as in this section provided.

Application to Minister.

2. The purchaser shall transmit to the Minister an application in writing stating the fact of such purchase, describing the termini and lines of route of the railway purchased, specifying the Special Act under which the same was constructed and operated, and requesting authority from the Minister to run and operate the railway, and shall with such application transmit a copy of any writing preliminary to the conveyance of such railway, made as evidence of such sale, and also a duplicate or authenticated copy of the deed of conveyance of such railway, and such further details and information as the Minister may require.

Minister may authorize.

3. Upon any such application, the Minister may, if he is satisfied therewith, grant an order authorizing the purchaser to run and operate the railway purchased until the end of the then next session of the Parliament of Canada, subject to such terms and conditions as the Minister may deem expedient.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120341



Purchaser thereupon authorized to operate railway.

4. The purchaser shall thereupon be authorized for such period only and subject to such order, to run and operate such railway, and, subject to the other provisions of this Act, to take and receive such tolls in respect of traffic carried thereon as the company previously owning and operating the same was authorized to take, and the purchaser shall also be subject to the terms and conditions of the Special Act of the said company, in so far as the same can be made applicable.

Must apply to Parliament.

5. The purchaser shall apply to the Parliament of Canada at the next following session thereof after the granting of such order by the Minister for an Act of incorporation, or other legislative authority, to hold, run and operate the railway.

One extension allowed.

6. If such application is made to Parliament and is unsuccessful, the Minister may extend the order to run and operate such railway until the end of the then next following session of Parliament, and no longer.

Closing of railway.

7. If during such extended period the purchaser does not obtain such an Act of incorporation or other legislative authority, such railway shall be closed or otherwise dealt with by the Minister, as may be determined by the Governor in Council.

Provision for temporary operation.

8. Provided, however, that notwithstanding anything herein contained the purchaser may, pending the obtaining of authority from the Minister, run and operate the railway for a period not exceeding fifteen days subject to the provisions of this Act and to the terms and conditions of the special Act in so far as the same can be made applicable. 1919, c. 68, s. 150.

*Agreements for Sale, Lease and Amalgamation.*

Agreement for sale, lease or amalgamation of railway.

**151.** Where the company is authorized by any Special Act of the Parliament of Canada to enter into an agreement with any other company, whether within the legislative authority of the Parliament of Canada or not, for selling, conveying or leasing to such company the railway and undertaking of the company, in whole or in part, or for purchasing or leasing from such company the railway and undertaking of such company, in whole or in part, or for amalgamation, such agreement shall be first approved by

Approval of shareholders.

two-thirds of the votes of the shareholders of each company party thereto, at an annual general meeting, or at a special general meeting, of each company, called for the purpose of considering such agreement, at each of which meetings shareholders representing at least two-thirds in value of the capital stock of each company are present or represented by proxy.



120342



Board to recommend sanction.

2. Upon such agreement being so approved, and duly executed, it shall be submitted to the Board with an application for a recommendation to the Governor in Council for the sanction thereof.

Notice in *Canada Gazette*.

3. Notice of the proposed application for such recommendation shall be published in the *Canada Gazette*, for at least one month prior to the time, to be stated therein, for the making of such application, and also, unless the Board otherwise orders, for a like period in one newspaper in each

Newspapers.

of the counties or electoral districts through which the railway to be sold, leased or amalgamated, runs, in which a newspaper is published.

Action of Board.

4. Upon such notice being given the Board shall grant or refuse such application, and upon granting the same shall make a recommendation to the Governor in Council for the sanction of such agreement.

Proceedings upon sanction.

5. Upon such agreement being sanctioned by the Governor in Council, a duplicate original of such agreement shall be filed in the office of the Secretary of State of Canada; and thereupon such agreement shall come into force and effect and notice thereof shall be forthwith given in the *Canada Gazette*.

Notice. Evidence.

6. The production of the *Canada Gazette* containing the notice mentioned in subsection five of this section shall be *primâ facie* evidence that the requirements of this section have been complied with.

Exemptions in certain cases.

7. Whenever the agreement does not involve any sale or amalgamation and may be terminated by either company on giving a notice not exceeding twelve months, the Board may, notwithstanding anything in this section, by order or regulation, exempt the company from complying with any of the foregoing conditions with respect to any such agreement. 1919, c. 68, s. 151.

Amalgamation.

**152.** Upon any agreement for amalgamation coming into effect, as provided in the last preceding section, the companies, parties to such agreement, shall, subject to the provisions of this Act and the Special Act authorizing such agreement to be entered into, be deemed to be amalgamated, and shall form one company, under the name and upon the terms and conditions in such agreement provided; and the amalgamated company shall possess and be vested with all the railways and undertakings, and all other the powers, rights, privileges, franchises, assets, effects, and

Powers, etc. of amalgamated company.

properties, real, personal and mixed, belonging to, possessed by, or vested in the companies, parties to such agreement, or to which they, or any or either of them, may be or become entitled; and shall be liable for all claims, demands, rights, securities, causes of action, complaints, debts, obligations,



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120344



tions, works, contracts, agreements, or duties, to as full an extent as any or either of such companies was, at or before the time when the amalgamation agreement came into effect. 1919, c. 68, s. 152.

Saving of rights and claims.

**153.** Notwithstanding anything in any agreement made or sanctioned under the provisions of the last two preceding sections, every act, matter or thing done, effected or confirmed under or by virtue of this Act, or the Special Act, before the date of the coming into effect of such agreement, shall be as valid as if such agreement had never come into effect; and such agreement shall be subject and without prejudice to every such act, matter or thing, and to all rights, liabilities, claims and demands, present or future, which would be incident to, or consequent upon such act, matter or thing if such agreement had never come into effect.

Amalgamated company in place of former companies.

2. In the case of an agreement for amalgamation, as to all acts, matters and things so done, effected or confirmed, and as to all such rights, liabilities, claims and demands, the amalgamated company shall for all purposes stand in the place of and represent the companies who are parties thereto and the generality of the provisions of this section shall not be deemed to be restricted by any Special Act, unless this section is expressly referred to in such Special Act, and expressly limited or restricted thereby. 1919, c. 68, s. 153.

*Agreements for Interchange of Traffic and Running Rights.*

Directors may make traffic agreements.

**154.** The directors of the company may, at any time, make and enter into any agreement or arrangement, not inconsistent with the provisions of this or the Special Act, with any other company, either in Canada or elsewhere, for the interchange of traffic between their railways or vessels, and for the division and apportionment of tolls in respect of such traffic.

And agreements for:

2. The directors may also make and enter into any agreement or arrangements, not inconsistent with the provisions of this or the Special Act, for any term not exceeding twenty-one years

Running powers;

(*a*) for the running of the trains of one company over the tracks of another company;

Division of tolls;

(*b*) for the division and apportionment of tolls in respect of such traffic;

Management and working;

(*c*) generally in relation to the management and working of the railways, or any of them, or any part thereof, and of any railway or railways in connection therewith; and





Joint committee.

(*d*) to provide, either by proxy or otherwise, for the appointment of a joint committee for the better carrying into effect of any such agreement or arrangement, with such powers and functions as are considered necessary or expedient;

Conditions.

subject to the like consent of the shareholders, the sanction of the Governor in Council upon the recommendation of the Board, application, notices and filing, as hereinbefore provided with respect to amalgamation agreements:

Proviso.

Provided that publication of notices in the *Canada Gazette* shall be sufficient notice, and that the duplicate original of such agreement or arrangement shall, upon being sanctioned, be filed with the Board.

Board may exempt from conditions.

3. The Board may, notwithstanding anything in this section, by order or regulation, exempt the company from complying with any of the foregoing conditions, with respect to any such agreement or arrangement made or entered into by the company for the transaction of the usual and ordinary business of the company, and where such consent of the shareholders is deemed by the Board to be unnecessary.

Saving.

4. Neither the making of any such arrangement or agreement, nor anything therein contained, nor any approval thereof, shall restrict, limit, or affect any power by this Act vested in the Board, or relieve the companies from complying with the provisions of this Act. 1919, c. 68, s 154.

*Insolvent Companies.*

Scheme may be filed in Exchequer Court.

**155.** Where a company is unable to meet its engagements with its creditors, the directors may prepare a scheme of arrangement between the company and its creditors, and may file it in the Exchequer Court.

May affect shareholders and capital.

2. Such scheme of arrangement may or may not include provisions for settling and defining any rights of shareholders of the company as among themselves, and for the raising if necessary of additional share and loan capital.

3. There shall be filed with such scheme of arrangement

Declaration to be filed.

(*a*) a declaration in writing under the common seal of the company to the effect that the company is unable to meet its engagements with its creditors; and

Affidavit.

(*b*) an affidavit made by the president and directors of the company, or by a majority of them, that such declaration is true to the best of their respective judgments and beliefs.

Court may restrain action.

4. After the filing of the scheme, the Exchequer Court may, on the application of the company, on summons or motion



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120345



motion in a summary way, restrain any action against the company on such terms as the Exchequer Court thinks fit.

Notice of filing.

5. Notice of the filing of the scheme shall be published in the *Canada Gazette*.

No execution without leave.

6. After such publication of notice, no execution, attachment, or other process against the property of the company shall be available without leave of the Exchequer Court, to be obtained on summons or motion in a summary way. 1919, c. 68, s. 155.

Assent to scheme: By bondholders.

**156.** The scheme shall be deemed to be assented to

(*a*) by the holders of mortgages or bonds issued under the authority of this or any Special Act relating to the company, when it is assented to in writing by three-fourths in value of the holders of such mortgages or bonds;

By debenture holders;

(*b*) by the holders of debenture stock of the company, when it is assented to in writing by three-fourths in value of the holders of such stock;

By charge holders;

(*c*) by the holders of any rent charge, or other payment, charged on the receipts of or payable by the company in consideration of the purchase of the undertaking of another company, when it is assented to in writing by three-fourths in value of such holders;

By preference shareholders;

(*d*) by the guaranteed or preference shareholders of the company, when it is assented to in writing by three-fourths in value of such shareholders, if there is only one class of such shareholders, or three-fourths in value of each class, if there are more classes of such shareholders than one;

By ordinary shareholders.

(*e*) by the ordinary shareholders of the company, when it is assented to by a special meeting of the company called for that purpose.

Assent of leasing company:

2. Where the company is lessee of a railway, the scheme shall be deemed to be assented to by the leasing company when it is assented to

By bondholders;

(*a*) in writing, by three-fourths in value of the holders of mortgages, bonds and debenture stock of the leasing company;

By preference shareholders;

(*b*) in writing, by three-fourths in value of the guaranteed or preference shareholders of the leasing company, if there is only one such class, and by three-fourths in value of each class, if there are more classes than one of such shareholders; and

By ordinary shareholders.

(*c*) by the ordinary shareholders of the leasing company, at a special meeting of that company called for that purpose.



120346

120347



No assent required from class not interested.

3. The assent to the scheme of any class of holders of mortgages, bonds or debenture stock, or of any class of holders of a rent charge or other payment as aforesaid, or of any class of guaranteed or preference shareholders, or of a leasing company, shall not be requisite in case the scheme does not prejudicially affect any right or interest of such class or company. 1919, c. 68, s. 156.

Application for confirmation of scheme.

**157.** If, at any time within three months after the filing of the scheme, or within such extended time as the Exchequer Court, from time to time, thinks fit to allow, the directors of the company consider the scheme to be assented to, as by this Act required, they may apply to the Exchequer Court by petition in a summary way for confirmation of the scheme.

Notice of application.

2. Notice of any such application shall be published in the *Canada Gazette*.

Confirmation of Court.

3. The Court, after hearing the directors, and any creditors, shareholders or other persons whom it thinks entitled to be heard on the application, may confirm the scheme, if satisfied that the scheme has been assented to, as required by this Act, within three months after the filing of it, or within such extended time, if any, as the Court has allowed, and that no sufficient objection to the scheme has been established.

Enrolment in Court.

4. The scheme when confirmed shall be enrolled in the Exchequer Court, and thenceforth it shall be binding and effectual to all intents, and the provisions thereof shall, against and in favour of the company and all persons, have the like effect as if they had been enacted by Parliament.

Notice thereof.

5. Notice of the confirmation and enrolment of the scheme shall be published in the *Canada Gazette*. 1919, c. 68, s. 157.

Rules of practice.

**158.** The Judges of the Exchequer Court may make general rules for the regulation of the practice and procedure of the Court under the three last preceding sections of this Act, which rules shall have force and effect when they are approved by the Governor in Council. 1919, c. 68, s. 158.

Copies of the scheme to be kept for sale.

**159.** The company shall at all times keep at its principal or head office printed copies of the scheme when confirmed and enrolled, and shall sell such copies to all persons desiring to buy them at a reasonable price, not exceeding ten cents for each copy. 1919, c. 68, s. 159.

*Sale of Subsidized Railways not kept in Repair.*

Subsidized railways must be in safe and efficient condition.

**160.** Whenever it is made to appear to the Minister that any railway owned by a company incorporated by the Parliament of Canada, the construction of which has been aided by a subsidy from the Government of Canada, cannot



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120347



cannot by reason of the condition of such railway or of its equipment be safely and efficiently operated, the Minister may apply to the Board for an order that the said railway, or its equipment, or both, shall be put in a safe and efficient condition, which order the Board is hereby authorized to make after such notice to the president or manager of the company and the trustee of the bondholders, if any, as to the Board seems reasonable, and the Board may, by order, direct what repairs, improvements or additions shall be made to the said railway, or equipment, or both, and within what times the same shall be undertaken and completed respectively.

Application to Board.

On failure of company to comply with order, a lien may be created.

2. If the company fails to comply with such order of the Board, the Governor in Council may, upon the recommendation of the Minister, approve of such order, and direct that a copy of such order and of the order of the Governor in Council approving thereof, certified by the Secretary of the Board and the Clerk of the Privy Council respectively, shall be filed by the Minister in the office of the Registrar of Deeds of each county through which such railway runs, and upon such orders being so filed there shall, *ipso facto,* be created a first lien or mortgage upon the said railway and its equipment in favour of His Majesty for the amount of the said subsidy, which shall immediately thereupon become due and payable to His Majesty.

Enforcement of lien.

3. Such lien may be enforced by His Majesty in the same manner and by the like proceedings as any other lien upon property may be enforced by His Majesty in the Exchequer Court of Canada.

Court may order sale.

4. The said Court may order such railway and its equipment to be sold to satisfy such lien, and pending such lien may appoint a receiver to manage and operate such railway.

Moneys realized from sale to be applied by the Minister towards repair, etc. of such railway.

5. Any moneys realized from such sale may, with the consent of the purchaser, be applied by the Minister under the direction of the Chief Engineer of Government Railways towards the repair and improvement of such railway and equipment so far as the same may be deemed necessary by the Minister, and any moneys so realized, and not in the opinion of the Minister required for such repairs and improvements, may be paid to the company owning the railway at the time of the sale, or to the trustee for the holders of any outstanding bonds or other securities secured by mortgage or otherwise upon such railway. 1919, c. 68, s. 160.



POWERS—

120348



POWERS—CONSTRUCTION OF RAILWAYS.

*Limitation of Time for Construction.*

Commencement.

**161.** If the construction of the railway is not commenced and fifteen per centum of the amount of the capital stock is not expended thereon in survey, purchase of right of way, and actual construction work, or, in the case of a branch or extension of the railway, if fifteen per centum of the bond issue authorized therefor is not expended thereon in actual construction work, within two years after the passing of the Act authorizing the construction of such railway, branch, or extension, as the case may be, or, where the Parliament of Canada grants an extension of the time for commencing such construction, within the time so granted; or, if the railway or branch or extension, as the case may be, is not completed and put in operation within five years from the passing of such Act, or, where the Parliament of Canada grants an extension of time for completion, within the time so granted; then the powers granted by such Act or by this Act shall cease and be null and void as respects so much of the railway or branch or extension, as the case may be, as then remains uncompleted. 1919, c. 68, s. 161.

Completion.

*General Powers.*

Powers of company.

**162.** The company may, for the purposes of the undertaking, subject to the provisions in this and the Special Act contained

Entry upon lands. Surveys.

(*a*) enter into and upon any Crown lands without previous license therefor, or into or upon the lands of any person whomsoever, lying in the intended route or line of the railway, and make surveys, examinations or other necessary arrangements on such lands for fixing the site of the railway, and set out and ascertain such parts of the lands as are necessary and proper for the railway;

Receive grants and bonuses.

(*b*) receive, take and hold, all voluntary grants and donations of lands or other property or any bonus of money or debentures, or other benefit of any sort, made to it for the purpose of aiding in the construction, maintenance and accommodation of the railway; but the same shall be held and used for the purpose of such grants or donations only;

Acquire property.

(*c*) purchase, take and hold of and from any person, any lands or other property necessary for the construction, maintenance and operation of the railway, and also alienate, sell or dispose of, any lands or property of the company which for any reason have become not necessary for the purposes of the railway;

Dispose of property not required.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120349



Placing of railway.

(*d*) make, carry or place the railway across or upon the lands of any person on the located line of the railway;

Cross and connect with other railways.

(*e*) cross any railway, or join the railway with any other railway at any point on its route, and upon the lands of such other railway, with the necessary conveniences for the purposes of such connection;

Construct and operate railways.

(*f*) make, complete, operate, alter and maintain the railway with one or more sets of rails or tracks, to be worked by the force and power of steam, electricity, or of the atmosphere, or by mechanical power, or any combination of them;

Buildings, equipment, etc.

(*g*) construct, erect and maintain all necessary and convenient roads, buildings, stations, depots, wharves, docks, elevators, and other structures, and construct, purchase and acquire stationary or locomotive engines, rolling stock, and other apparatus necessary for the accommodation and use of the traffic and business of the railway;

Branch railways.

(*h*) make branch railways, and manage the same, and for that purpose exercise all the powers, privileges and authority necessary therefor, in as full and ample a manner as for the railway;

Transport passengers and freight.

(*i*) take, transport, carry and convey persons and goods on the railway, and regulate the time and manner in which the same shall be transported, and the tolls to be charged therefor;

Remove trees.

(*j*) fell or remove any trees which stand within one hundred feet from either side of the right of way of the railway, or which are liable to fall across any railway track;

Make tunnels and other works.

(*k*) make or construct in, upon, across, under or over any railway, tramway, river, stream, watercourse, canal, or highway, which it intersects or touches temporary or permanent inclined planes, tunnels, embankments, aqueducts, bridges, roads, ways, passages, conduits, drains, piers, arches, cuttings and fences;

Divert highways and waterways.

(*l*) divert or alter, as well temporarily as permanently, the course of any such river, stream, watercourse or highway, or raise or sink the level thereof, in order the more conveniently to carry the same over, under or by the side of the railway;

Construct drains.

(*m*) make drains or conduits into, through or under any lands adjoining the railway, for the purpose of conveying water from or to the railway;

Divert drains, pipes and wires.

(*n*) divert or alter the position of any water pipe, gas-pipe, sewer or drain, or any telegraph, telephone or electric lines, wires or poles;

Telegraph, etc.

(*o*) construct, acquire and use telegraph, telephone or electric lines and plant;



120350



Alter and substitute other works.

(*p*) from time to time alter, repair or discontinue the works hereinbefore mentioned, or any of them, and substitute others in their stead; and

Other necessary acts.

(*q*) do all other acts necessary for the construction, maintenance and operation of the railway.

Gauge.

2. The tracks of every railway, the construction of which is commenced after the seventh day of July, one thousand nine hundred and nineteen, shall be of the standard gauge of four feet eight and one-half inches, unless otherwise permitted by the Board. 1919, c. 68, s. 162.

Diversions and alterations, to be made good.

**163.** The company shall restore, as nearly as possible, to its former state, any river, stream, watercourse, highway, water pipe, gas-pipe, sewer or drain, or any telegraph, telephone or electric line, wire or pole, which it diverts or alters, or it shall put the same in such a state as not materially to impair the usefulness thereof. 1919, c. 68, s. 163.

Damage.

**164.** The company shall, in the exercise of the powers by this or the Special Act granted, do as little damage as possible, and shall make full compensation, in the manner herein and in the Special Act provided, to all persons interested, for all damage by them sustained by reason of the exercise of such powers. 1919, c. 68, s. 164.

Compensation.

Exercise of powers in United States.

**165.** Any company operating a railway from any point in Canada to any point on the international boundary line may exercise, beyond such boundary, in so far as permitted by the laws there in force, the powers which it may exercise in Canada. 1919, c. 68, s. 165.

*Commencement of Works.*

Requirements before works commenced.

**166.** The company shall not, except as in this Act otherwise provided, commence the construction of the railway, or any section or portion thereof, until the general location has been approved by the Board as hereinafter provided, nor until the plan, profile and book of reference have been sanctioned by and deposited with the Board and duly certified copies thereof deposited with the registrars of deeds, in accordance with the provisions of this Act. 1919, c. 68, s. 166.

LOCATION OF LINE.

Map.

Contents.

**167.** The company shall prepare, and submit to the Board, in duplicate, a map showing the general location of the proposed line of the railway, the termini and the principal towns and places through which the railway is to pass, giving the names thereof, the railways, navigable streams and tidewaters, if any, to be crossed by the railway, and



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120351



such as may be within a radius of thirty miles of the proposed railway, and, generally, the physical features of the country through which the railway is to be constructed, and shall give such further or other information as the Board may require.

Scale. 2. Such map shall be prepared upon a scale not smaller than six miles to the inch, or upon such other appropriate scale as the Board may determine, and shall be accompanied by an application in duplicate, stating the Special Act authorizing the construction of such railway, and requesting the Board's approval of the general location as shown on the said map.

Application.

Approval of Board. 3. The Board may approve such map and location, or any portion thereof, or may make or require such changes and alterations therein as it deems expedient.

Board may approve whole or portion. 4. Where the Board approves the whole or any portion of such map and location such approval shall be signified upon the map and the duplicate thereof accordingly.

Filing. 5. The map when so approved and the application shall be filed in the Department of Railways and Canals and the duplicate thereof with the Board.

Application of section. 6. The provisions of this section shall only apply to the main line, and to branch lines over six miles in length. 1919, c. 68, s. 167.

*Plan, Profile and Book of Reference.*

Plan, profile and book of reference. **168.** Upon compliance with the provisions of the last preceding section, the company shall make a plan, profile and book of reference of the railway.

Plan. 2. The plan shall show

(*a*) the right of way, with lengths of sections in miles;
(*b*) the names of terminal points;
(*c*) the station grounds;
(*d*) the property lines and owners' names;
(*e*) the areas and length and width of lands proposed to be taken, in figures, stating every change of width; or other accurate description thereof;
(*f*) the bearings; and
(*g*) all open drains, watercourses, highways and railways proposed to be crossed or affected.

Profile. 3. The profile shall show the grades, curves, highway and railway crossings, open drains and watercourses.

Book of reference. 4. The book of reference shall describe the portion of land proposed to be taken in each lot to be traversed, giving numbers of the lots, and the area, length and width of the portion of each lot proposed to be taken, and names of owners and occupiers so far as they can be ascertained.

Further information. 5. The Board may require any additional information for the proper understanding of the plan and profile.



120352



Sections. 6. The plan, profile and book of reference may be of a section or sections of the railway.

Quebec. 7. In the province of Quebec the portion of the railway comprised in each municipality shall be indicated on the plan, and in the book of reference, by separate number or numbers. 1919, c. 68, s. 168.

Plans and profiles, how prepared. **169.** All plans and profiles required by law to be deposited by the company with the Board, shall be drawn to such scale, with such detail, upon such materials, and shall be of such character, as the Board may, either by general regulation, or in any case, require, or sanction.

Certification. 2. All such plans and profiles shall be certified and signed by the president or vice-president or general manager, and also by the engineer of the company.

Book of reference. 3. Any book of reference, required to be so deposited, shall be prepared to the satisfaction of the Board.

Board may refuse sanction. 4. Unless and until such plan, profile and book of reference are so made satisfactory to the Board, the Board may refuse to sanction the same, or to allow the same to be deposited with the Board. 1919, c. 68, s. 169.

Sanction by Board. **170.** Such plan, profile and book of reference shall be submitted to the Board which, if satisfied therewith, may sanction the same.

Effect. 2. The Board by such sanction shall be deemed to have approved merely the location of the railway and the grades and curves thereof, as shown in such plan, profile and book of reference, but not to have relieved the company from otherwise complying with this Act.

Board may sanction deviation of one mile. 3. The Board upon the application of the company may sanction a deviation of not more than one mile from any one point as shown on the general location approved by the Board, and any such deviation shall be shown upon the general location plan filed with the Department of Railways and Canals, and upon the duplicate thereof filed with the Board.

Further information. 4. Before sanctioning any plan, profile or book of reference of a section of a railway, the Board may require the company to submit the plan, profile and book of reference of the whole or of any portion of the remainder of the railway or such further or other information as the Board may deem expedient. 1919, c. 68, s. 170.

Board may fix time for acquiring land. **171.** In granting any such sanction, or in giving leave under any provision of this Act to take lands without the consent of the owner, the Board may fix a period

(*a*) within which the company must acquire the lands or take the necessary steps for such purpose; or



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120353



(*b*) within which the notice hereinafter required to be given, preliminary to proceeding to arbitration to fix compensation or damages, shall be conclusively deemed to have been given.

Application for time limit.

2. In the event of the order granting such sanction or leave, whether made before or after the passing of this Act, providing no such time limit, any owner or person interested in the lands may apply to the Board for an order that the company shall acquire such lands, or take the necessary steps for such purpose, within such time as the Board deems proper, and thereupon the Board may make such order in the premises as appears just.

Company must acquire within one year.

3. Where no time is fixed by the Board as above mentioned, if the company, within one year after any such sanction or leave has been given by the Board, or in any case where no such sanction or leave is necessary, if the company within one year after the plan, profile and book of reference have been deposited with the registrar of deeds, does not either acquire the lands covered by such sanction, leave, or plan, profile and book of reference, or give the notice hereinafter required to be given preliminary to proceeding to arbitration to fix compensation or damages in respect thereof, the company's right to take or enter upon, without the consent of the owner, any part of such lands which it has not within the said year either acquired or given such notice in respect of, shall at the expiration of such year absolutely cease and determine, unless the Board, after notice to the owner and upon such terms as the Board may deem proper, otherwise orders.

Liability for damages.

4. If no such order is made by the Board the company shall be liable for damages and costs to any person damaged by such failure to acquire the lands or give such notice. 1919, c. 68, s. 171.

*Deposit of Plans, etc., after Sanction.*

Deposit with Board.

**172.** The plan, profile and book of reference, when so sanctioned, shall be deposited with the Board, and each plan shall be numbered consecutively in order of deposit.

With registrar of deeds.

2. The company shall also deposit copies thereof, or of such parts thereof as relate to each district or county through which the railway is to pass, duly certified as copies by the Secretary, in the offices of the registrars of deeds for such districts or counties respectively. 1919, c. 68, s. 172.

*Errors.*

Errors.

**173.** The railway may be made, carried or placed across or upon the lands of any person on the located line, although through error or any other cause, the name of such person has not been entered in the book of reference, or



120354



although some other person is erroneously mentioned as the owner of or entitled to convey, or as interested in such lands. 1919, c. 68, s. 173.

Corrections. Procedure.

**174.** Where any omission, misstatement or error is made in any plan, profile or book of reference so registered, the company may apply to the Board for a certificate to correct the same.

Notice.

2. The Board may, in its discretion, require notice to be given to parties interested, and, if it appears to the Board that such omission, misstatement or error arose from mistake, may grant a certificate setting forth the nature of the omission, misstatement or error and the correction allowed.

Deposit.

3. Upon the deposit of such certificate with the Board, and of copies thereof, certified as such by the Secretary, with the registrars of deeds of the districts or counties, respectively, in which such lands are situate, the plan, profile or book of reference shall be taken to be corrected in accordance therewith, and the company may, thereupon, subject to this Act, construct the railway in accordance with such correction. 1919, c. 68, s. 174.

*Deposit of Plans, etc., of Completed Railway.*

Plan and profile of completed line must be filed: With Board.

**175.** A plan and profile of the completed railway or of any part thereof which is completed and in operation, and of the land taken or obtained for the use thereof, shall, within six months after completion of the undertaking, or within six months after beginning to operate any such completed part, as the case may be, or within such extended or renewed period as the Board at any time directs, be made and filed with the Board.

At registry office.

2. Plans of the parts of such railway so completed or in operation located in different districts and counties, prepared on such a scale, and in such manner and form, and signed or authenticated in such manner, as the Board may from time to time, by general regulation or in any individual case, sanction or require, shall be filed in the registry offices for the districts and counties in which such parts are respectively situate. 1919, c. 68, s. 175.

*Duties of Registrars of Deeds.*

Duties of registrars of deeds.

**176.** Every registrar of deeds shall receive and preserve in his office, all plans, profiles, books of reference, certified copies thereof, and other documents, required by this Act to be deposited with him, and shall endorse thereon the day, hour and minute when the same were so deposited.

Extracts and copies.

2. All persons may resort to such plans, profiles, books of reference, copies and documents so deposited, and may make extracts therefrom, and copies thereof, as occasion



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120355



Fees.

requires, paying the registrar therefor at the rate of ten cents for each hundred words, so copied or extracted, and ten cents for each copy made of any plan or profile.

Registrar to furnish certified copies.

3. The registrar shall, at the request of any person, certify copies of any plan, profile, book of reference, certified copy thereof, or other document, deposited in his office under the provisions of this Act, or of such portions thereof as may be required, on being paid therefor at the rate of ten cents for each hundred words copied, and such additional sum, for any copy of plan or profile furnished by him, as is reasonable and customary in like cases, together with fifty cents for each certificate given by him.

Certificate of registrar.

4. Such certificate of the registrar shall set forth that the plan, profile or document, a copy of which, or of any portion of which, is certified by him, is deposited in his office, and shall state the time when it was so deposited, and that he has carefully compared the copy certified with the document on file, and that the same is a true copy of such original.

Evidence.

5. Such certified copy shall be *primâ facie* evidence of the original so deposited, that such original was so deposited at the time stated and certified, and that the same was signed, certified, attested or otherwise executed by the persons by whom and in the manner in which the said original purports to be signed, certified, attested or executed, as shown or appearing by such certified copy; and in the case of a plan, that such plan is prepared according to a scale and in a manner and form sanctioned by the Board. 1919, c. 68, s. 176.

*Board may Require Further Plans, etc.*

Further plans, etc., as Board requires.

**177.** In addition to the plans, profiles and books of reference elsewhere provided for, the company shall, with all reasonable expedition, prepare and deposit with the Board, any other or further plans, profiles, or books of reference of any portion of the railway, or of any siding, station or works thereof, which the Board may from time to time order or require. 1919, c. 68, s. 177.

*Deviations, Changes and Removal.*

Deviations, changes or alterations.

**178.** If any deviation, change or alteration is required by the company to be made in the railway, or any portion thereof, as already constructed, or as merely located and sanctioned, a plan, profile and book of reference of the portion of such railway proposed to be changed, showing the deviation, change or alteration proposed to be made, shall, in like manner as hereinbefore provided with respect to the original plan, profile and book of reference, be submitted for the approval of the Board, and may be sanctioned by the Board.

Plan, profile, etc.

Sanction.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120356



2. The plan, profile and book of reference of the portion of such railway so proposed to be changed shall, when so sanctioned, be deposited and dealt with as hereinbefore provided with respect to such original plan, profile and book of reference. Deposit.

3. The company may thereupon make such deviation, change, or alteration, and all the provisions of this Act shall apply to the portion of such line of railway, at any time so changed or proposed to be changed, in the same manner as they apply to the original line. Company may execute works.

4. The Board may, either by general regulation, or in any particular case, exempt the company from submitting the plan, profile and book of reference, as in this section provided, where such deviation, change, or alteration, is made, or to be made, for the purpose of lessening a curve, reducing a gradient, or otherwise benefiting the railway, or for any other purpose of public advantage, as may seem to the Board expedient, if such deviation, change, or alteration does not exceed three hundred feet from the centre line of the railway, located, or constructed, in accordance with the plans, profiles and books of reference deposited with the Board under this Act. Board may dispense with proceedings.

5. Nothing in this section shall be taken to authorize any extension of the railway beyond the termini mentioned in the Special Act. 1919, c. 68, s. 178. Termini to be observed.

**179.** The company shall not, at any time, make any change, alteration or deviation in the railway, or any portion thereof, until the provisions of the last preceding section are fully compiled with, nor remove, close, or abandon any station, or divisional point nor create a new divisional point which would involve the removal of employees, without leave of the Board; and where any such change is made the company shall compensate its employees as the Board deems proper for any financial loss caused to them by change of residence necessitated thereby. 1919, c. 68, s. 179. Unauthorized changes forbidden. Compensation.

*Branch Lines.*

**180.** The company may, for the purposes of its undertaking, construct, maintain and operate branch lines, not exceeding in any one case six miles in length, from the main line of the railway or, except as hereinafter provided, from any branch thereof. 1919, c. 68, s. 180. Power to construct.

**181.** Before commencing to construct any such branch line, the company shall Procedure.

(*a*) make a plan, profile and book of reference, showing the proposed location of the branch line, with the particulars Plans, etc.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 20357



ticulars hereinbefore required as to plans, profiles and books of reference of the main line, and deposit the same, or such parts thereof as relate to each district or county through which the branch line is to pass, in the offices of the registrars of deeds for such districts or counties respectively;

Notice of application to Board.

(*b*) upon such deposit, give four weeks' public notice of its intention to apply to the Board under this section, in some newspaper published in each county or district through which the branch line is to pass, or, if there should be no newspaper published in such county or district, then for the same period in the *Canada Gazette:*

Provided that the Board may dispense with or shorten the time of such notice in any case where it deems proper; and

Papers to be submitted.

(*c*) after the expiration of the notice submit to the Board, upon such application, a duplicate of the plan, profile and book of reference so deposited. 1919, c. 68, s. 181.

Board may authorize branch line.

**182.** The Board, if satisfied that the branch line is necessary in the public interest or for the purpose of giving increased facilities to business, and if satisfied with the location of such branch line, and the grades and curves as shown on such plan, profile and book of reference, may, in writing, authorize the construction of the branch line in accordance with such plan, profile and book of reference, or subject to such changes in location, grades and curves as the Board may direct.

Time for construction.

2. Such authority shall limit the time, not exceeding two years, within which the company shall construct and complete such branch line. 1919, c. 68, s. 182.

Papers to be deposited with Board.

**183.** There shall be deposited with the Board the authority and the duplicate of such plan, profile and book of reference, together with such papers and plans as are necessary to show and explain any changes directed by the Board, under the provisions of the last preceding section.

Copies with registrars of deeds.

2. The company shall deposit in the registry offices of the counties or districts through which the branch line is to pass, copies, certified as such by the Secretary, of the authority, and of the papers and plans, showing the changes directed by the Board.

No extension allowed.

3. No branch line shall be

(*a*) extended under the foregoing provisions for the construction of branch lines; or

(*b*) constructed so as to form, in effect, an extension of the railway beyond the termini mentioned in the Special Act.



I 20358



Special Act controlled.

4. Except with reference to branch lines authorized by the Special Act to be constructed between any two points or places definitely fixed or named therein, no power to construct branch lines in any Special Act contained, inconsistent with the foregoing provisions for the construction of branch lines, shall have any force or effect: Provided that nothing in this subsection shall be deemed to take away or impair the rights or powers of any company under any contract with the Government of Canada, approved and ratified by a Special Act of the Parliament of Canada. 1919, c. 68, s. 183.

Saving.

Provisions applicable.

**184.** Upon compliance with the requirements of the last four preceding sections all the other provisions of this Act, except sections one hundred and seventy and one hundred and seventy-two, relating to the sanction by the Board of the plan, profile and book of reference of the railway, and the deposit thereof with the Board and in the offices of the registrars of deeds for the districts or counties through which the railway is to pass, shall, in so far as applicable, apply to the branch lines so authorized, and to the lands to be taken for such branch lines. 1919, c. 68, s. 184.

*Industrial Spurs.*

Branch lines required by owner of any industry.

**185.** When any industry or business is established or intended to be established, within six miles of the railway, and the owner of such industry or business, or the person intending to establish the same, is desirous of obtaining railway facilities in connection therewith, but cannot agree with the company as to the construction and operation of a spur or branch line from the railway thereto, the Board may, on the application of such owner or person, and upon being satisfied of the necessity for such spur or branch line in the interests of trade, order the company to construct, maintain and operate such spur or branch line, and may direct such owner or person to deposit in some chartered bank such sum or sums as are by the Board deemed sufficient, or are by the Board found to be necessary to defray all expenses of constructing and completing the spur or branch line in good working order, including the cost of the right of way, incidental expenses and damages.

Owner to deposit cost.

Payment therefrom to the company.

2. The amount so deposited shall, from time to time, be paid to the company upon the order of the Board, as the work progresses.

Repayment to owner by rebate on tolls.

3. The aggregate amount so paid by the applicant in the construction and completion of the said spur or branch line shall be repaid or refunded to the applicant by the company by way of rebate, to be determined and fixed by the



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120359



the Board, out of or in proportion to the tolls charged by the company in respect of the carriage of traffic for the applicant over the said spur or branch line.

Lien to owner meantime.

4. Until so repaid or refunded, the applicant shall have a special lien for such amount upon such branch line, to be reimbursed by rebate as aforesaid.

Discharge of lien.

5. Upon repayment by the company to such applicant of all payments made by the applicant upon such construction, the said spur or branch line, right of way and equipment shall become the absolute property of the company free from any such lien.

Operation of branch to be regulated by Board.

6. The operation and maintenance of the said spur or branch line by the company, shall be subject to and in accordance with such order as the Board makes with respect thereto, having due regard to the requirements of the traffic thereon, and to the safety of the public and of the employees of the company.

Provisions applicable.

7. All the provisions of this Act respecting the construction of spur or branch lines shall apply to any spur or branch line constructed under this section. 1919, c. 68, s. 185.

Use of spur for another industry.

**186.** Notwithstanding anything done under the last preceding section and notwithstanding any agreement made thereunder or otherwise the Board may, on application, permit any owner of another industry or business or any person intending to establish another industry or business, within six miles of the railway, to have traffic carried over any spur or branch line, or any part thereof, constructed pursuant to the said section or to have such spur or branch line extended: Provided that any terms and conditions which the Board thinks just and reasonable shall always be imposed, and regard shall always be had to the convenience of the owner or person having senior rights in such spur or branch line. 1919, c. 68, s. 186.

Removal.

**187.** No branch line or spur constructed pursuant to either of the last two preceding sections shall be removed without the consent of the Board. 1919, c. 68, s. 187.

*Stations.*

Stations, location of to be approved by Board.

**188.** Before the company proceeds to erect any station upon its railway, the location of such station shall be approved of by the Board.

Facilities.

2. Every station of the company shall be erected, operated and maintained with good and sufficient accommodation and facilities for traffic.

Board may order station.

3. The company shall erect, maintain and operate stations at any points on the railway designated by the Board, and shall provide such accommodation and facilities in connection therewith as the Board directs.



120360



On railways subsidized by Parliament.

4. In the case of any railway, whether subject to the legislative authority of the Parliament of Canada or not, subsidized in money or in land, after the eighteenth day of July, one thousand nine hundred, under the authority of an Act of the Parliament of Canada, the payment and acceptance of such subsidy shall be taken to be subject to the covenant or condition, whether expressed or not in any agreement relating to such subsidy, that the company, for the time being owning or operating such railway, shall, when thereto directed by order of the Board, maintain and operate stations, with such accommodation or facilities in connection therewith as are defined by the Board, at such points on the railway as are designated in such order. 1919, c. 68, s. 188.

THE TAKING AND USING OF LANDS.

*Restrictions—Crown Lands.*

Crown lands.

**189.** No company shall take possession of, use or occupy any lands vested in the Crown, without the consent of the Governor in Council.

Consent.

2. Any railway company may, with such consent, upon such terms as the Governor in Council prescribes, take and appropriate, for the use of its railway and works, so much of the lands of the Crown lying on the route of the railway which have not been granted or sold, as is necessary for such railway, and also so much of the public beach, or bed of any lake, river or stream, or of the land so vested covered with the waters of any such lake, river or stream as is necessary for making, completing and using its said railway and works.

May not alienate.

3. The company may not alienate any such lands so taken, used or occupied.

In trust.

4. Whenever any such lands are vested in the Crown for any special purpose, or subject to any trust, the compensation money which the company pays therefor shall be held or applied by the Governor in Council for the like purpose or trust. 1919, c. 68, s. 189.

*Public Beach and Waters.*

Compensation.

Public beach and lands covered with water.

**190.** The extent of the public beach, or of the land covered with the waters of any river or lake in Canada, taken for the railway, shall not exceed the quantity hereinafter limited in the case of lands which may be taken without the consent of the owner. 1919, c. 68, s. 190.

*Naval and Military Lands.*

Naval or military lands.

**191.** Whenever it is necessary for the company to occupy any part of the lands belonging to the Crown reserved for naval or military purposes, it shall first apply



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120361



for and obtain the license and consent of the Crown, under the hand and seal of the Governor General.

License or consent.

2. No such license or consent shall be given, except upon a report first made thereupon by the naval or military authorities, in which such lands are for the time being vested, approving of such license and consent being so given.

Entry.

3. The company may, with such license and consent, at any time or times enter into and enjoy any of the said lands for the purposes of the railway. 1919, c. 68, s. 191.

*Indian Lands.*

Indian lands.

**192.** No company shall take possession of or occupy any portion of any Indian reserve or lands, without the consent of the Governor in Council.

Consent.

2. When, with such consent, any portion of any such reserve or lands is taken possession of, used or occupied by any railway company, or when the same is injuriously affected by the construction of any railway, compensation shall be made therefor as in the case of lands taken without the consent of the owner. 1919, c. 68, s. 192.

*Other Railways.*

Lands of other companies.

Use of tracks, etc.

**193.** The company may take possession of, use or occupy any lands belonging to any other railway company, use and enjoy the whole or any portion of the right of way, tracks, terminals, stations or station grounds of any other railway company, and have and exercise full right and power to run and operate its trains over and upon any portion or portions of the railway of any other railway company, subject always to the approval of the Board first obtained and to any order and direction which the Board may make in regard to the exercise, enjoyment or restriction of such powers or privileges.

Approval of Board.

Procedure therefor.

2. Such approval may be given upon application and notice, and, after hearing, the Board may make such order, give such directions, and impose such conditions or duties upon either party as to it may appear just or desirable, having due regard to the public and all proper interests.

Compensation.

3. If the parties fail to agree as to compensation, the Board may, by order, fix the amount of compensation to be paid in respect of the powers and privileges so granted.

Board may order proceedings.

4. Where the proposed location of any new railway is close to or in the neighbourhood of an existing railway, and the Board is of opinion that it is undesirable in the public interest to have the two separate rights of way in such vicinity, the Board may, when it deems proper, upon the application of any company, municipality or person interested, or of its own motion, order that the company constructing





120362



structing such new railway shall take the proceedings provided for in subsection one of this section to such extent as the Board deems necessary in order to avoid having such separate rights of way.

Joint use of tracks, etc.

5. The Board, in any case where it deems it in the public interest to avoid the construction of one or more new railways close to or in the neighbourhood of an existing railway, or to avoid the construction of two or more new railways close to or in the neighbourhood of each other, may, on the application of any company, municipality or person interested, or of its own motion, make such order or direction for the joint or common use, or construction and use, by the companies owning, constructing or operating such railways, of one right of way, with such number of tracks, and such terminals, stations and other facilities, and such arrangements respecting them, as may be deemed necessary or desirable. 1919, c. 68, s. 193.

*Mines and Minerals.*

Mines to be protected.

**194.** No company shall, without the authority of the Board, locate the line of its proposed railway, or construct the same or any portion thereof, so as to obstruct or interfere with, or injuriously affect the working of, or the access or adit to any mine then open, or for the opening of which preparations are, at the time of such location, being lawfully and openly made. 1919, c. 68, s. 194.

Company not entitled to minerals.

**195.** The company shall not, unless the same have been expressly purchased, be entitled to any mines, ores, metals, coal, slate, mineral oils, gas or other minerals in or under any lands purchased by it, or taken by it under any compulsory powers given it by this Act, except only such parts thereof as are necessary to be dug, carried away or used in the construction of the works.

Exception.

Not included in conveyance.

2. All such mines and minerals, except as aforesaid, shall be deemed to be excepted from the conveyance of such lands, unless they have been expressly named therein and conveyed thereby. 1919, c. 68, s. 195.

Mining under or within 40 yards of any railway.

**196.** No owner, lessee or occupier of any such mines or minerals lying under the railway or any of the works connected therewith, or within forty yards therefrom, shall work the same until leave therefor has been obtained from the Board.

Application for leave of Board.

2. Upon any application to the Board for leave to work any such mines or minerals, the applicant shall submit a plan and profile of the portion of the railway to be affected thereby, and of the mining works or plant affecting the railway, proposed to be constructed or operated, giving all reasonable





MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120361



for and obtain the license and consent of the Crown, under the hand and seal of the Governor General.

License or consent.

2. No such license or consent shall be given, except upon a report first made thereupon by the naval or military authorities, in which such lands are for the time being vested, approving of such license and consent being so given.

Entry.

3. The company may, with such license and consent, at any time or times enter into and enjoy any of the said lands for the purposes of the railway. 1919, c. 68, s. 191.

*Indian Lands.*

Indian lands.

**192.** No company shall take possession of or occupy any portion of any Indian reserve or lands, without the consent of the Governor in Council.

Consent.

2. When, with such consent, any portion of any such reserve or lands is taken possession of, used or occupied by any railway company, or when the same is injuriously affected by the construction of any railway, compensation shall be made therefor as in the case of lands taken without the consent of the owner. 1919, c. 68, s. 192.

*Other Railways.*

Lands of other companies.

Use of tracks, etc.

**193.** The company may take possession of, use or occupy any lands belonging to any other railway company, use and enjoy the whole or any portion of the right of way, tracks, terminals, stations or station grounds of any other railway company, and have and exercise full right and power to run and operate its trains over and upon any portion or portions of the railway of any other railway company, subject always to the approval of the Board first obtained and to any order and direction which the Board may make in regard to the exercise, enjoyment or restriction of such powers or privileges.

Approval of Board.

Procedure therefor.

2. Such approval may be given upon application and notice, and, after hearing, the Board may make such order, give such directions, and impose such conditions or duties upon either party as to it may appear just or desirable, having due regard to the public and all proper interests.

Compensation.

3. If the parties fail to agree as to compensation, the Board may, by order, fix the amount of compensation to be paid in respect of the powers and privileges so granted.

Board may order proceedings.

4. Where the proposed location of any new railway is close to or in the neighbourhood of an existing railway, and the Board is of opinion that it is undesirable in the public interest to have the two separate rights of way in such vicinity, the Board may, when it deems proper, upon the application of any company, municipality or person interested, or of its own motion, order that the company constructing



120362



structing such new railway shall take the proceedings provided for in subsection one of this section to such extent as the Board deems necessary in order to avoid having such separate rights of way.

Joint use of tracks, etc.

5. The Board, in any case where it deems it in the public interest to avoid the construction of one or more new railways close to or in the neighbourhood of an existing railway, or to avoid the construction of two or more new railways close to or in the neighbourhood of each other, may, on the application of any company, municipality or person interested, or of its own motion, make such order or direction for the joint or common use, or construction and use, by the companies owning, constructing or operating such railways, of one right of way, with such number of tracks, and such terminals, stations and other facilities, and such arrangements respecting them, as may be deemed necessary or desirable. 1919, c. 68, s. 193.

*Mines and Minerals.*

Mines to be protected.

**194.** No company shall, without the authority of the Board, locate the line of its proposed railway, or construct the same or any portion thereof, so as to obstruct or interfere with, or injuriously affect the working of, or the access or adit to any mine then open, or for the opening of which preparations are, at the time of such location, being lawfully and openly made. 1919, c. 68, s. 194.

Company not entitled to minerals.

**195.** The company shall not, unless the same have been expressly purchased, be entitled to any mines, ores, metals, coal, slate, mineral oils, gas or other minerals in or under any lands purchased by it, or taken by it under any compulsory powers given it by this Act, except only such parts thereof as are necessary to be dug, carried away or used in the construction of the works.

Exception.

Not included in conveyance.

2. All such mines and minerals, except as aforesaid, shall be deemed to be excepted from the conveyance of such lands, unless they have been expressly named therein and conveyed thereby. 1919, c. 68, s. 195.

Mining under or within 40 yards of any railway.

**196.** No owner, lessee or occupier of any such mines or minerals lying under the railway or any of the works connected therewith, or within forty yards therefrom, shall work the same until leave therefor has been obtained from the Board.

Application for leave of Board.

2. Upon any application to the Board for leave to work any such mines or minerals, the applicant shall submit a plan and profile of the portion of the railway to be affected thereby, and of the mining works or plant affecting the railway, proposed to be constructed or operated, giving all reasonable



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120363



reasonable and necessary information and details as to the extent and character of the same.

Protection and safety of the public.

3. The Board may grant such application upon such terms and conditions for the protection and safety of the public as to the Board seem expedient, and may order that such other works be executed, or measures taken, as under the circumstances appear to the Board best adapted to remove or diminish the danger arising or likely to arise from such mining operations. 1919, c. 68, s. 196.

Board may order compensation in certain cases.

**197.** The company shall, from time to time, pay to the owner, lessee, or occupier of any such mines such compensation as the Board shall fix and order to be paid, for or by reason of any severance by the railway of the land lying over such mines, or because of the working of such mines being prevented, stopped or interrupted, or of the same having to be worked in such manner and under such restrictions as not to injure or be detrimental to the railway, and also for any minerals not purchased by the company which cannot be obtained by reason of the construction and operation of the railway. 1919, c. 68, s. 197.

Examination of mine workings.

**198.** If necessary in order to ascertain whether any such mines are being worked, or have been worked, so as to injure or be detrimental to the railway or its safety or the safety of the public, the company may with the written permission of the Board, after giving twenty-four hours' notice in writing, enter upon any lands through or near which the railway passes wherein any such mines are being worked, and enter into and return from any such mines or the works connected therewith; and for such purpose may make use of any apparatus of such mines and use all necessary means for discovering the distance from the railway to the parts of such mines which are being worked. 1919, c. 68, s. 198.

*Extent of Lands that may be Taken without Consent.*

Lands taken without consent.

**199.** The lands which may be taken without the consent of the owner shall not, subject to the provisions of the next following section, exceed

For right of way.

(*a*) for the right of way, one hundred feet in breadth, except in places where the rail level is or is proposed to be more than five feet above or below the surface of the adjacent lands, when such additional width may be taken as shall suffice to accommodate the slope and side ditches;

For stations, etc.

(*b*) for stations, depots and yards, with the freight sheds, warehouses, wharfs, elevators and other structures for



120364



the accommodation of traffic incidental thereto, one mile in length by five hundred feet in breadth, including the width of the right of way:

Interests less than fee simple.

Provided that no interest in land less than a fee-simple interest shall be acquired without the consent of the owner, except upon leave of the Board and upon such terms and conditions as the Board may impose. 1919, c. 68, s. 199.

*Leave to Take Additional Lands.*

Where more ample space required.

**200.** Should the company require, at any point on the railway, more ample space than it possesses or may take under the last preceding section, for the convenient accommodation of the public, or for the traffic on its railway, or for protection against snowdrifts, or for the diversion of a highway, or for the substitution of one highway for another, or for the construction or taking of any works or measures ordered by the Board under any of the provisions of this Act or the Special Act, or to secure the efficient construction, maintenance or operation of the railway, it may, whether before or after the railway has been opened for the carriage of traffic, apply to the Board for authority to take the same for such purposes, without the consent of the owner.

Procedure.

2. The company shall give ten days' notice of such application to the owner or possessor of such lands, and shall, upon such application, furnish to the Board copies of such notices, with affidavits of the service thereof.

What application must include.

3. The company, upon such application, shall also furnish to the Board, in duplicate

Plan, etc.

(*a*) a plan, profile and book of reference of the portion of the railway affected, showing the additional lands required, and certified as hereinbefore provided with respect to plans and profiles required to be deposited by the company with the Board;

Particulars to be specified.

(*b*) an application, in writing, for authority to take such lands, signed and sworn to by the president, vice-president, general manager or engineer of the company, referring to the plan, profile and book of reference, specifying definitely and in detail the purposes for which each portion of the lands is required, and the necessity for the same, and showing that no other land suitable for such purposes can be acquired at such place on reasonable terms and with less injury to private rights.

Authority from Board.

4. After the time stated in such notices, and the hearing of such parties interested as may appear, the Board may, in its discretion, and upon such terms and conditions as the Board deems expedient, authorize in writing the taking,



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I 20365



for the said purposes, of the whole or any portion of the lands applied for.

In duplicate.

5. Such authority shall be executed in duplicate, and one of such duplicates shall be filed, with the plan, profile, book of reference, application and notices, with the Board; and the other, with the duplicate plan, profile, book of reference and application, shall be delivered to the company.

Deposit with registrars of deeds.

6. Such duplicate authority, plan, profile, book of reference and application, or copies thereof certified as such by the Secretary, shall be deposited with the registrars of deeds of the districts or counties, respectively, in which such lands are situate.

Provisions of this Act which apply.

7. All the provisions of this Act applicable to the taking of lands without the consent of the owner for the right of way or main line of the railway shall apply to the lands authorized under this section to be taken except sections one hundred and seventy and one hundred and seventy-two relating to the sanction by the Board of the plan, profile and book of reference of the railway, but the deposit with the Board and with the registrar of deeds shall be made as in this section provided.

Repeal and change of certificates made under 1888, c. 29, s. 109.

8. The Board may, upon consent in writing having been first obtained from the Minister in that behalf, repeal, rescind, change or vary any certificate of the Minister made under section one hundred and nine of the Railway Act 1888. 1919, c. 68, s. 200.

*Using Lands for Special Purposes.*

Use of adjoining lands.

**201.** The company, either for the purpose of constructing or repairing its railway, or for the purpose of carrying out the requirements of the Board, or in the exercise of the powers conferred upon it by the Board, may enter upon any land which is not more than six hundred feet distant from the centre of the located line of the railway, and may occupy the said land as long as is necessary for the purposes aforesaid; and all the provisions of law at the time applicable to the taking of land by the company, and its valuation, and the compensation therefor, shall apply to the case of any land so required.

If owner does not consent.

2. Before entering upon any land for the purposes aforesaid, the company shall, in case the consent of the owner is not obtained, pay into the office of one of the superior courts for the province in which the land is situated

Sum to be deposited.

(*a*) such sum, as is, after two clear days' notice to the owner of the land, or to the person empowered to convey the same, or interested therein, fixed by a judge of such superior court; and

Interest.

(*b*) interest for six months upon the sum so fixed.



I 20366



As security for compensation.

3. Such deposit shall be retained to answer any compensation which may be awarded the person entitled thereto, and may upon order of a judge of such court, be paid out to such person in satisfaction *pro tanto* of such award, and the surplus, if any thereafter remaining, shall by order of the judge, be repaid to the company.

Deficiency to be paid.

4. Any deficiency in such deposit to satisfy such award shall be forthwith paid by the company to the person entitled to compensation under such award. 1919, c. 68, s. 201.

**202.** Whenever

Obtaining materials for construction or operation.

(*a*) any stone, gravel, earth, sand, water or other material is required for the construction, maintenance or operation of the railway, or any part thereof; or

Transport.

Tracks or conduits.

(*b*) such materials or water, so required, are situate, or have been brought to a place at a distance from the line of railway, and the company desires to lay down the necessary tracks, spurs or branch lines, water pipes or conduits, over or through any lands intervening between the railway and the land on which such materials or water are situate, or to which they have been brought;

the company may, if it cannot agree with the owner of the lands for the purchase thereof, cause a land surveyor, duly licensed to act in the province, or an engineer to make a plan and description of the property or right of way, and shall serve upon each of the owners or occupiers of the land affected a copy of such plan and description, or of so much thereof as relates to the lands owned or occupied by them respectively, duly certified by such surveyor or engineer.

Plan and description.

Provisions of this Act which apply.

2. All the provisions of this Act shall, in so far as applicable, apply, and the powers thereby granted may be used and exercised to obtain the materials or water, so required, or the right of way to the same, irrespective of the distance thereof: Provided that the company shall not be required to submit any such plan for the sanction of the Board.

Title may be acquired.

3. The company may, at its discretion, acquire the lands from which such materials or water are taken, or upon which the right of way thereto is located, for a term of years or permanently.

Arbitration.

4. The notice of arbitration, if arbitration is resorted to, shall state the extent of the privilege and title required.

Tracks not to be used for other purposes.

5. The tracks, spurs or branch lines constructed or laid by the company under this section shall not be used for any purpose other than in this section mentioned, except by leave of the Board, and subject to such terms and conditions as the Board sees fit to impose.

Power of Board.

6. The Board may restrict or forbid the exercise of any power under this section. 1919, c. 68, s. 202.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120367



Snow fences.

**203.** Every railway company may, on and after the first day of November, in each year, enter into and upon any lands of His Majesty or of any person lying along the route or line of the railway, and erect and maintain snow fences thereon, subject to the payment of such land damages, if any actually suffered, as are thereafter established, in the manner provided by law with respect to such railway.

Compensation.

Removal.

2. Every snow fence so erected shall be removed on or before the first day of April then next following. 1919, c. 68, s. 203.

*Purchase and Conveyance.*

Purchase of more land than required.

**204.** Except as otherwise hereinafter provided, whenever the company can purchase a larger quantity of land from any particular owner at a more reasonable price, on the average, or on terms more advantageous, than those upon which it could obtain the portion thereof which it may take from him without his consent, it may purchase such larger quantity.

Re-sale.

2. The company may sell and dispose of any part of the lands so purchased which may be unnecessary for its undertaking. 1919, c. 68, s. 204.

Power of representative persons to convey.

**205.** All tenants in tail or for life, *grevés de substitution,* guardians, curators, executors, administrators, trustees and all persons whomsoever, as well for and on behalf of themselves, their heirs and successors, as on behalf of those whom they represent, whether infants, issue unborn, lunatics, idiots, *femes-covert* or other persons, seized, possessed of or interested in any lands, may, subject to the provisions of the next following section, contract and sell and convey to the company all or any part thereof. 1919, c. 68, s. 205.

Order of judge may be had.

**206.** When such persons have no right in law to sell or convey the rights of property in the said lands they shall not sell or convey the same without obtaining from a judge, after due notice to the persons interested, the right to sell the said lands: Provided that where any person interested is absent from the district or county in which the lands lie, or is unknown, the judge may order such substitutional service of notice as he deems proper or may dispense with notice.

Purchase money.

2. The said judge shall give such orders as are necessary to secure the investment of the purchase money, in such a manner as he deems necessary, in accordance with the law of the province, to secure the interests of the owner of the said land. 1919, c. 68, s. 206.

Limitation of powers to convey.

**207.** The powers by the last two preceding sections conferred upon

(*a*) rectors in possession of glebe lands in the province of Ontario;



120368



(*b*) ecclesiastical and other corporations;
(*c*) trustees of land for church or school purposes;
(*d*) executors appointed by wills under which they are not invested with, and have not otherwise, power to sell the real property of the testator; and
(*e*) administrators of persons dying intestate seized of real property, where such administrators have not power to sell such property;

shall only extend and be exercised with respect to any of such lands actually required for the use and occupation of the company. 1919, c. 68, s. 207.

Conveyance to vest fee simple.

**208.** Any contract, agreement, sale, conveyance or assurance made under the authority of any of the last three preceding sections shall be valid and effectual in law, to all intents and purposes and whatsoever; and any conveyance so authorized shall vest in the company receiving the same the fee simple in the lands therein described, freed and discharged from all trusts, restrictions and limitations whatsoever.

Indemnity to persons conveying.

2. The person so conveying is hereby relieved from liability for what he does by virtue of or in pursuance of this Act. 1919, c. 68, s. 208.

Application of purchase money.

**209.** The company shall not be responsible for the disposition of any purchase money for lands taken by the company for its purposes, if paid to the owner of the land or into court for his benefit. 1919, c. 68, s. 209.

Prior contracts.

**210.** Any contract or agreement made by any person authorized by this Act to convey lands, either before the deposit of the plan, profile and book of reference, or before the setting out and ascertaining of the lands required for the railway, shall, if such contract or agreement or notice thereof by caveat or otherwise, is duly registered with the proper registrar of deeds, be binding at the price agreed upon, if the lands are afterwards so set out and ascertained within one year from the date of the contract or agreement, and although such lands have in the meantime become the property of a third person.

May be carried out.

2. Possession of the lands may be taken, and the agreement and price may be dealt with, as if such price had been fixed by an arbitration award as hereinafter provided, and the agreement shall be in the place of an award. 1919, c. 68, s. 210.

Rental when parties cannot sell.

**211.** If, in any case not hereinbefore provided for, any person interested in any lands so set out and ascertained is not authorized by law to sell or alienate the same, he may agree upon a fixed annual rent as an equivalent, and not upon a principal sum, to be paid therefor.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120369



How fixed.

2. If the amount of the rent is not fixed by agreement, it shall be fixed and all proceedings shall be regulated, in the manner in this Act prescribed. 1919, c. 68, s. 211.

Rent chargeable to working expenses.

**212.** Such annual rent and every other annual rent, agreed upon or ascertained, and to be paid for the purchase of any lands, or for any part of the purchase money of any lands which the vendor agrees to leave unpaid, shall, upon the deed creating such charge and liability being duly registered in the registry office of the proper district, county or registration division, be chargeable as part of the working expenditure of the railway. 1919, c. 68, s. 212.

*Publishing Notice of Plans and Making Agreements.*

Compensation or damages may be agreed for.

**213.** After the expiration of ten days from the deposit of the plan, profile and book of reference in the office of the registrar of deeds, and after notice thereof has been given in at least one newspaper, if any published, in each of the districts and counties through which the railway is intended to pass, application may be made by the company to the owners of lands, or to persons empowered to convey lands, or interested in lands, which may be taken, or which suffer damage from the taking of materials, or the exercise of any of the powers granted for the railway; and, thereupon, such agreements and contracts as seem expedient to both parties may be made with such persons, touching the said lands or the compensation to be paid for the same, or for the damages, or as to the mode in which such compensation shall be ascertained.

Agreements authorized.

Company may grant easement, etc.

2. The company may at any time grant or agree to grant to the owner of any lands injuriously affected, or likely to be injuriously affected, by the exercise of the company's powers, any easement, servitude or privilege over or in respect of the company's lands or the lands being taken by the company, and may construct and maintain or agree to construct and maintain any work for such owner's benefit; and any such agreement may be enforced by the Board, or damages may be recovered for the breach thereof in any court of competent jurisdiction.

General notice.

3. Such deposit of plan, profile and book of reference and such notice of such deposit, shall be deemed a general notice to all parties of the lands which will be required for the railway and works. 1919, c. 68, s. 213.

Disagreement.

**214.** In case of disagreement between the parties, or any of them, all questions which arise between them shall be settled as hereinafter provided. 1919, c. 68, s. 214.



120370



EXPROPRIATION PROCEEDINGS.

*Notice.*

Notice of expropriation to be served.

**215.** Preliminary to proceeding to arbitration to fix compensation or damages the company shall serve upon the opposite party a notice, which shall contain

(*a*) a description of the lands to be taken, or of the powers intended to be exercised with regard to any lands therein described;

(*b*) a declaration of readiness to pay a certain sum or rent, as the case may be, as compensation for such lands or for such damages; and

(*c*) a notification that if within ten days after the service of this notice, or, where the notice is served by publication, within one month after the first publication thereof, the party to whom the notice is addressed does not give notice to the company that he accepts the sum offered by the company, either he or the company will be entitled to apply to have the compensation fixed by arbitration as provided in this Act. 1919, c. 68, s. 215.

Certificate of surveyor or engineer.

**216.** Such notice shall be accompanied by the certificate of a sworn surveyor for the province in which the lands are situated or an engineer, who is not interested in the land or in the amount of compensation or damages, which certificate shall state

(*a*) that the land, if the notice relates to the taking of land shown on the said plan, is required for the railway;

(*b*) that he knows the land, or the amount of damage likely to arise from the exercise of the powers; and

(*c*) what sum is, in his opinion, a fair compensation for the land and damages aforesaid. 1919, c. 68, s. 216.

Service by publication.

**217.** If the opposite party is absent from the district or county in which the lands lie, or is unknown, an application for service by advertisement may be made to a judge of a superior court for the province or district, or to the judge of the county court of the county where the lands lie.

Application for.

2. Such application shall be accompanied by such certificate as aforesaid, and by an affidavit of some officer of the company, that the opposite party is so absent, or that, after diligent inquiry, the person on whom the notice ought to be served cannot be ascertained.

Judge shall order notice.

3. The judge shall order a notice as aforesaid, but without such certificate, to be inserted three times in the course of one month in a newspaper published in the district or county.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120371



county, or, if there is no newspaper published therein, then in a newspaper published in some adjacent district or county, and in such other newspaper, if any, as the judge may direct. 1919, c. 68, s. 217.

Notice may be abandoned.

**218.** Where the notice given improperly describes the lands or materials intended to be taken, or where the company decides not to take the lands or materials mentioned in the notice, it may abandon the notice and all proceedings thereunder, but shall be liable to the person notified for all damages suffered and costs incurred by him in consequence of such notice and abandonment, and such damages shall be fixed and such costs taxed by the judge, or as he directs.

Damages and costs.

New notice may be given.

2. The company after payment of such damages and costs, if any, may, notwithstanding the abandonment of any former notice, give to the same or any other person notice for other lands or materials, or for lands or materials otherwise described.

Notice in lieu of abandonment.

3. Where the amount of compensation payable under the notice has been referred to arbitration, the company may, in lieu of abandoning the notice pursuant to subsection one hereof, give to the opposite party and to the arbitrator, a notice varying the description of the lands or materials to be taken or the powers intended to be exercised by the company; which subsequent notice shall also contain

Particulars of notice.

(*a*) a declaration of readiness to pay a certain sum or rent as the case may be, as compensation for such lands or for damages for such materials or powers, and damages suffered and costs incurred by such opposite party in consequence of the former notice;

(*b*) a notification that if within eight days after the service of such notice, the party to whom the notice is addressed does not give notice to the company that he accepts the sum offered by the company, the arbitrator may proceed to fix the compensation for the lands, materials or powers described in such subsequent notice.

Evidence.

4. In the event of the arbitration proceeding pursuant to such subsequent notice, all evidence taken and proceedings had under the former notice, shall, in so far as they are applicable, be used in the arbitration upon the subsequent notice and the proceedings on both notices shall be deemed one arbitration, but the company shall be liable to pay all damages suffered and costs incurred by the opposite party by reason of the company having failed to demand by the original notice, the lands, materials or powers as described in the subsequent notice. 1919, c. 68, s. 218.



120372



*Arbitrator.*

If sum offered not accepted.

**219.** If within ten days after the service of such notice, or, where service is made by advertisement, within one month after the first publication thereof, the opposite party does not give notice to the company that he accepts the sum offered by it, either party may apply to the judge of the county court of the county in which the lands lie, or, in the province of Quebec or in any other part of Canada where there is no county court, to a judge of the superior court for the district or place in which the lands lie, to determine the compensation to be paid as aforesaid.

Appointment of arbitrator.

Notice.

2. Ten days' notice of such application shall be given by the company to the opposite party, or *vice versa*.

Service by publication.

3. If the opposite party is absent from the district or county in which the lands lie, or is unknown, service of such ten days' notice may be made by advertisement as hereinbefore authorized: Provided that the judge may dispense with, shorten or lengthen the time or times for the publication of the notice in any case in which he deems it proper. 1919, c. 68, s. 219.

Constituting arbitrator.

**220.** Such judge shall, upon application being made to him as aforesaid, become the arbitrator for determining such compensation: Provided that where such judge is personally interested in the land or in the amount of the compensation or damages in question, or where for any other reason it is necessary, either party may, on six days' notice to the opposite party, apply to a judge of a superior court to appoint, and that judge may appoint, a county or superior court judge to be arbitrator, and in such case the judge so appointed shall be the arbitrator for the purposes aforesaid.

Procedure.

2. The arbitrator shall proceed to ascertain such compensation in such way as he deems best, and, except as hereinafter provided, his award shall be final and conclusive. 1919, c. 68, s. 220.

Award.

*Determining Compensation.*

Increased value of remaining lands to be considered.

**221.** The arbitrator, in deciding on such value or compensation, shall take into consideration the increased value, beyond the increased value common to all lands in the locality, that will be given to any lands of the opposite party through or over which the railway will pass, by reason of the passage of the railway through or over the same or by reason of the construction of the railway, and shall set off such increased value that will attach to the said lands against the inconvenience, loss or damage that might be suffered or sustained by reason of the company taking possession of or using the said lands.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L 20373



Date of compensation fixed.

2. The date of the deposit of the plan, profile and book of reference with the registrar of deeds shall be the date with reference to which such compensation or damages shall be ascertained: Provided, however, that if the company does not actually acquire title to the lands within one year from the date of such deposit then the date of such acquisition shall be the date with reference to which such compensation or damages shall be ascertained.

Interest may be allowed.

3. The arbitrator may include in the award an allowance for interest on the compensation or damages from the date of deposit of the plan, profile and book of reference with the registrar of deeds or for such shorter time as he deems proper. 1919, c. 68, s. 221.

Company may offer easement, etc.

**222.** In mitigation of any injury or damage caused or likely to be caused to any lands by the exercise of the company's powers, the company may, by its notice of expropriation or by subsequent notice filed with the arbitrator, and served upon the opposite party, prior to the close of the hearing before the arbitrator, undertake to abandon or grant to the owner of the above mentioned lands or the party interested therein any portion of the company's lands, or the lands being taken, or any easement, servitude or privilege over or in respect of the same, or to construct and maintain any work for the benefit of such owner or person interested, and if such owner or person interested, by writing filed with the arbitrator, consents to accept what is so undertaken, or if the arbitrator approves thereof in the award, such undertaking shall be binding upon the company, and the compensation or damages shall be fixed in view of what is so undertaken, and the undertaking may be enforced by the Board, or damages may be recovered for the breach thereof in any court of competent jurisdiction. 1919, c. 68, s. 222.

*Costs of Arbitration.*

Costs, how disposed of.

**223.** The costs of the arbitration shall be in the discretion of the arbitrator and shall be paid by the party against whom he allows the same and it shall be the duty of the arbitrator to state in his award whether the whole or any part of the costs are allowed and by whom the same are to be paid.

Taxation.

2. The amount of the costs, if not agreed upon, may be taxed by the proper taxing officer for the taxation of costs of an action or suit tried before the judge who acted as arbitrator, and appeal may be taken from such taxing officer as in the case of the costs of such an action or suit.



120374



No fees.

3. The arbitrator shall not be entitled to any fee or reward for his services as arbitrator, but shall be paid, as part of the costs of the arbitration, all his actual necessary and reasonable travelling and other expenses incurred in or in connection with the arbitration. 1919, c. 68, s. 223. Expenses.

*Proceedings of Arbitrator.*

Examination by arbitrator.

**224.** The arbitrator shall examine on oath or solemn affirmation such witnesses as appear before him, but no more than three expert or opinion witnesses shall be called in behalf of any party: Provided that the arbitrator may by consent of the parties decide the matter upon view or inspection of the property without examining witnesses, but any party or his representative may in such case be permitted to point out and explain such things as seem material to the case. 1919, c. 68, s. 224. Proviso.

Powers of arbitrator.

**225.** The arbitrator may in any case with respect to such arbitration

(*a*) enter upon and inspect any land, place, building, works or other thing, being the property of or under the control of the company or the opposite party, the entry or inspection of which appears to him requisite; Entry.

(*b*) inspect any works, structure, rolling stock or property of the company; Inspection.

(*c*) require the production of all books, papers, plans, specifications, drawings and documents relating to the matter before him; and Production.

(*d*) administer oaths, affirmations or declarations. Oaths.

Compelling witnesses.

2. He shall have the like power in summoning witnesses and enforcing their attendance and compelling them to give evidence and produce books, papers or things which they are required to produce as is vested in any court in civil cases.

Witnesses' fees.

3. The persons attending and giving evidence at any such arbitration shall be entitled to the like fees and allowances for so doing as if summoned to attend before the Exchequer Court.

Incriminating papers.

4. The provisions hereinbefore contained with respect to the production before the Board of books and papers which may tend to criminate the persons producing them shall apply to persons attending and giving evidence at any such arbitration. 1919, c. 68, s. 225.

Notes of evidence.

**226.** The arbitrator shall take down in writing the evidence brought before him, unless either party requires that it be taken by a stenographer; in which case a stenographer shall be named by the arbitrator, unless the parties agree upon one.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120375



Stenographer. 2. The stenographer shall be sworn before the arbitrator before entering upon his duties.

His expenses. 3. The expense of such stenographer, if not arranged by agreement between the parties, shall form part of the costs of the arbitration. 1919, c. 68, s. 226.

Notice of award to be given. **227.** After making the award, the arbitrator shall forthwith notify the parties that the award has been made, and shall forthwith deliver or transmit by registered post the award and the depositions, exhibits and all other papers connected with the arbitration to the clerk of the court, to be filed with the records of the said court.

Award, etc., to be filed.

How notice to be given. 2. The notice of the making of the award may be given by registered letter addressed to the parties at their usual or last known post office addresses, or addressed in care of their representatives, if any, who appeared for them in the arbitration proceedings. 1919, c. 68, s. 227.

*Preventing Delay.*

Arbitrator to proceed speedily. **228.** After the making of the application constituting him arbitrator, or in the case of appointment by order of a judge of a superior court after the receipt of such order or a copy thereof, the arbitrator shall proceed with and complete the arbitration and award as speedily as possible, having regard to the interests of the parties, and he may give any directions respecting the proceedings which he deems proper to prevent delay. 1919, c. 68, s. 228.

Directions to prevent delay.

Death or delay of arbitrator. **229.** If the arbitrator dies before the award is made, or is incapacitated, disqualified or unable to act, either party may, on six days' notice to the opposite party, apply to a judge of the superior court to appoint, and such judge shall appoint, any county or superior court judge to be arbitrator in the place of the arbitrator who has died, become incapacitated, disqualified or unable to act.

Application to court or judge.

Proceedings not to be repeated. 2. The proceedings shall not in any such case require to be recommenced or repeated.

Costs. 3. The cost of applications and proceedings under this section shall form part of the costs of the arbitration proceedings. 1919, c. 68, s. 229.

*Impeaching Award.*

Award not invalidated by want of form. **230.** No award shall be invalidated by reason of any want of form or other technical objection, if the requirements of this Act have been substantially complied with, and if the award states clearly the sum awarded, and the lands or other property, right or privilege for which such sum is to be the compensation.



120376



Payee need not be named. 2. The person to whom the sum is to be paid need not be named in the award. 1919, c. 68, s. 230.

Arbitrator not disqualified by— **231.** If the arbitrator is not himself personally interested in the amount of the compensation he shall not be disqualified because he has previously expressed an opinion as to the amount of compensation or because he is related or of kin to any shareholder of the company. 1919, c. 68, s. 231.

Opinion; Kindred.

*Appeal from Award.*

Appeal from award. **232.** Within one month after receiving from the arbitrator or from the oposite party a written notice of the making of the award, the company may, where the award exceeds six hundred dollars, and any other party may, where such party in his notice of appeal claims more than six hundred dollars or objects to some easement or other thing approved by the arbitrator without his consent as hereinbefore provided, appeal from the award upon any question of law or fact, or upon any other ground of objection, to a superior court, or to the court of last resort of the province in which the lands lie, if a judge of a superior court has been constituted arbitrator.

Where award less than six hundred dollars. 2. Where the award is less than six hundred dollars the company or the opposite party may, within the time limited by this section, appeal from the award upon any question of law or upon any question of mistake appearing on the face of the proceedings, to a superior court or to the court of last resort as the case may be; and upon the hearing of the appeal such court shall decide any question of fact upon the evidence taken before the arbitrator as in the case of original jurisdiction.

Court may admit other evidence. 3. The court may, where, from any other evidence it deems proper to admit, it is clearly satisfied that injustice has been done, set aside the award or remit it to the arbitrator for reconsideration with such directions as it deems proper.

Practice and proceedings on appeal. 4. Upon such appeal the practice and proceedings shall be, as nearly as may be, the same as upon an appeal from the decision of an inferior court to the said superior court, subject to any general rules or orders from time to time made by the court to which such appeal lies in respect to such appeals.

No further appeal, etc. 5. The decision of such court shall not, except where the amount awarded by or claimed in the appeal from such decision exceeds five thousand dollars, be subject to further appeal, and except as herein provided there shall be no appeal from, or proceedings had to impeach or set aside any award made under this Act. 1919, c. 68, s. 232.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120377



*Paying Money into Court, etc.*

Payment of compensation into court in some cases.

**233.** (*a*) If the company has reason to fear any claim, mortgage, *hypothèque*, or encumbrance; or

(*b*) If any person to whom the compensation or annual rent, or any part thereof, is payable, refuses to execute a proper conveyance; or

(*c*) If the person entitled to claim the compensation or annual rent cannot be found, or is unknown to the company; or

(*d*) If, for any other reason, the company deems it advisable;

the company may pay such compensation into court, with the interest thereon for six months, and may deliver to the clerk or prothonotary of such court an authentic copy of the conveyance, or of the award or agreement, if there is no conveyance.

Title.

2. Such conveyance, or award or agreement, shall thereafter be deemed to be the title of the company to the land therein mentioned. 1919, c. 68, s. 233.

Lands not in Quebec.

Publication of notice.

**234.** Where the lands are situated elsewhere than in the province of Quebec, a notice of such payment and delivery, in such form and for such time as the court appoints, shall be inserted in a newspaper, published in the county in which the lands are situated, or, if there is no newspaper published in the county, then in the official gazette of the province, and also in a newspaper published in the nearest county thereto in which a newspaper is published.

What notice shall state.

2. Such notice shall state that the conveyance, agreement or award constituting the title of the company is obtained under the authority of this Act, and shall call upon all persons claiming an interest in or entitled to the lands, or any part thereof, to file their claims to the compensation, or any part thereof. 1919, c. 68, s. 234.

Lands in Quebec.

**235.** Where the lands are situated in the province of Quebec, the notice shall be published as required in cases of confirmation of title, and the registrar's certificate shall be procured and filed as in such cases. 1919, c. 68, s. 235.

Compensation in place of land.

Encumbrances.

**236.** The compensation for any lands which may be taken without the consent of the owner shall stand in the stead of such lands; and any claim to or encumbrance upon the said lands, or any portion thereof, shall, as against the company, be converted into a claim to the compensation, or to a like proportion thereof; and the company shall be responsible accordingly, whenever it has paid such compensation or any part thereof to a person not entitled



120378



to receive the same, saving always its recourse against such person; but nothing herein contained shall prejudice any owner's right to a lien for unpaid purchase money unless such compensation is actually paid to such owner or paid into court pursuant to this Act. 1919, c. 68, s. 236.

Lien for purchase money.

Effect of adjudication.

**237.** All such claims filed shall be received and adjudicated upon by the court, and the adjudication thereon shall forever bar all claims to the land, or any part thereof, including any dower, mortgage, *hypothèque* or encumbrance upon the same.

Disposal of compensation.

2. The court shall make such order for the distribution, payment, or investment of the compensation and for the security of the rights of all persons interested, as to right and justice and to law appertains.

Interest.

3. If the order for distribution, payment, or investment is obtained within less than six months from the payment of the compensation into court, the court shall direct a proportionate part of the interest to be returned to the company.

For further period.

4. If from any error, fault or neglect of the company, such order is not obtained until after six months have expired, the court shall order the company to pay into court, as part of the compensation, the interest for such further period as is right.

Costs.

5. The costs of the proceedings, in whole or in part, including the proper allowances to witnesses, shall be paid by the company, or by any other person, as the court orders. 1919, c. 68, s. 237.

*Right of Company to take Possession.*

Upon payment or tender.

**238.** Upon payment or legal tender of the compensation or annual rent awarded or agreed upon to the person entitled to receive the same, or upon the payment into court of the amount of such compensation, in the manner hereinbefore mentioned, the award or agreement shall vest in the company the power forthwith to take possession of the lands, or to exercise the right, or to do the thing for which such compensation or annual rent has been awarded or agreed upon. 1919, c. 68, s. 238.

*Proceedings in case of Resistance.*

Warrant.

**239.** If any resistance or forcible opposition is made by any person to the exercise by the company of any such power the judge shall upon or without notice to the opposite party as he deems proper, on proof to his satisfaction of such award or agreement and of payment or tender of the sum awarded or agreed upon or of payment thereof into



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120379



into court, issue his warrant to the sheriff of the district or county, or to a bailiff, as he deems most suitable, to put down such resistance or opposition, and to put the railway company in possession.

How executed.

2. The sheriff or bailiff shall, in the execution of such warrant, take with him sufficient assistance for such purpose, and shall put down such resistance or opposition and put the company in possession. 1919, c. 68, s. 239.

Warrant for immediate possession in certain cases.

**240.** Such warrant shall also be granted by the judge without such award or agreement, on affidavit to his satisfaction that the immediate possession of the lands or of the power to do the thing mentioned in the notice, is necessary for the construction or maintenance of some part of the railway with which the company is ready forthwith to proceed. 1919, c. 68, s. 240.

Procedure upon application for such warrant.

**241.** The judge shall not grant any warrant under the last preceding section, unless

Notice.

(*a*) ten days' previous notice of the time and place when and where the application for such warrant is to be made has been served upon the owner of the lands, or the person empowered to convey the lands or interested in the lands sought to be taken or which may suffer damage from the taking of materials sought to be taken, or the exercise of the powers sought to be exercised, or the doing of the thing sought to be done by the company; and

Deposit of compensation.

(*b*) the company gives security to his satisfaction, by payment into court, of a sum in his estimation sufficient to cover the probable compensation and costs of the arbitration, and not less than fifty per centum above the amount offered by the company in the notice mentioned in section two hundred and fifteen or certified by the surveyor or engineer under section two hundred and sixteen, whichever is larger; or, if the judge deems proper, pays the party in part and gives security for the balance.

Where notice cannot be served.

2. Where for any reason service of such notice can not be made, or can not be made promptly, the judge may, on proof to his satisfaction of circumstances justifying it, order substitutional or other service of such notice or dispense with such notice. 1919, c. 68, s. 241.

Costs.

**242.** The costs of any such application and hearing before the judge shall be borne by the company, unless the compensation awarded is not more than the company had offered to pay.



120380



Repayment of deposit.

2. No part of such deposit or of any interest thereon shall be repaid, or paid to such company, or paid to such owner or party, without an order from the judge, which he may make in accordance with the terms of the award. 1919, c. 68, s. 242.

*Procedure.*

To be continued in court where commenced.

**243.** Any proceeding under the foregoing provisions of this Act relating to the ascertainment or payment of compensation or the delivery of possession of lands taken, or the putting down of resistance to the exercise of powers, shall, if commenced in a superior court having jurisdiction, be continued in such superior court, or, if the proceeding is commenced in a county court having jurisdiction, it shall be continued in such county court; and where there are different interests in the same lands all shall as far as possible be dealt with in one proceeding. 1919, c. 68, s. 243.

Different interests.

MATTERS INCIDENTAL TO CONSTRUCTION.

*Respecting Wages.*

Current rate.

**244.** In every case in which the Parliament of Canada votes financial aid by way of subsidy or guarantee towards the cost of railway construction, all mechanics, labourers or other persons who perform labour in such construction shall be paid such wages as are generally accepted as current for competent workmen in the district in which the work is being performed; and if there is no current rate in such district, then a fair and reasonable rate.

Minister may determine.

2. In the event of a dispute arising as to what is the current or a fair and reasonable rate, it shall be determined by the Minister, whose decision shall be final. 1919, c. 68, s. 244.

*Respecting Navigable Waters.*

Navigation not to be obstructed.

**245.** No company shall cause any obstruction in, or impede the free navigation of any river, water, stream or canal, to, upon, along, over, under, through or across, which its railway is carried. 1919, c. 68, s. 245.

Bridges to be properly floored.

**246.** No company shall run its trains over any canal, or over any navigable water, without having first laid, nor without maintaining, such proper flooring under and on both sides of its railway track over such canal or water as is deemed by the Board sufficient to prevent anything falling from the railway into such canal or water, or upon the boats, vessels, craft, or persons navigating such canal or water. 1919, c. 68, s. 246.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120381



Spans of headway and waterway.

**247.** Whenever the railway is, or is proposed to be carried over any navigable water or canal by means of a bridge, the Board may by order in any case, or by regulations, direct that such bridge shall be constructed with such span or spans of such headway and waterway, and with such opening span or spans, if any, as to the Board may seem expedient for the proper protection of navigation.

Operation of draw.

2. The Board may in like manner, if any such bridge is a draw or swing bridge, direct when, under what conditions and circumstances, and subject to what precautions, the same shall be opened and closed. 1919, c. 68, s. 247.

Proceedings for construction of works in navigable waters.

**248.** When the company is desirous of constructing any wharf, bridge, tunnel, pier or other structure or work, in, upon, over, under, through or across any navigable water or canal, or upon the beach, bed or lands covered with the waters thereof, the company shall, before the commencement of any such work,

Approval by Governor in Council.

(*a*) in the case of navigable water, not a canal, submit to the Minister of Public Works, and in the case of a canal to the Minister, for approval by the Governor in Council, a plan and description of the proposed site for such work, and a general plan of the work to be constructed, to the satisfaction of such Minister; and

Board to authorize.

(*b*) upon approval by the Governor in Council of such site and plans, apply to the Board for an order authorizing the construction of the work and with such application, transmit to the Board a certified copy of the Order in Council and of the plans and description approved thereby, and also detail plans and profiles of the proposed work, and such other plans, drawings and specifications as the Board may, in any such case, or by regulation, require.

No deviation.

2. No deviation from the site or plans approved by the Governor in Council, shall be made without the consent of the Governor in Council.

Powers of Board.

3. Upon any such application, the Board may

(*a*) make such order in regard to the construction of such work upon such terms and conditions as it may deem expedient;

(*b*) make alterations in the detail plans, profiles, drawings and specifications so submitted;

(*c*) give directions respecting the supervision of any such work; and

(*d*) require that such other works, structures, equipment, appliances and materials be provided, constructed, maintained, used and operated, and measures taken, as under the circumstances of each case may



120382



appear to the Board best adapted for securing the protection, safety and convenience of the public.

Company to construct.

4. Upon such order being granted, the company shall be authorized to construct such work in accordance therewith.

Operation also to be authorized by Board.

5. Upon the completion of any such work the company shall, before using or operating the same, apply to the Board for an order authorizing such use or operation, and if the Board is satisfied that its orders and directions have been carried out, and that such work may be used or operated without danger to the public, and that the provisions of this section have been complied with, the Board may grant such order. 1919, c. 68, s. 248.

*Bridges, Tunnels and other Structures.*

Bridges.

**249.** The Governor in Council may, upon the report of the Board, authorize or require any railway company to construct fixed and permanent bridges, or swing, draw or movable bridges, or to substitute any of such bridges for bridges existing on the line of its railway, within such time as the Governor in Council directs.

Consent of Governor in Council.

2. No company shall substitute any swing, draw or movable bridge for any fixed or permanent bridge already built and constructed without the previous consent of the Governor in Council. 1919, c. 68, s. 249.

Headway over cars.

**250.** Every bridge, tunnel or other erection or structure, over, through or under which any railway passes, shall be so constructed and maintained as to afford, at all times, an open and clear headway of at least seven feet between the top of the highest freight car used on the railway and the lowest beams, members, or portions of that part of such bridge, tunnel, erection or structure, which is directly over the space liable to be traversed by such car in passing thereunder.

Powers of Board to order alteration.

2. The Board may, if necessary, require any existing bridge, tunnel, or other erection or structure to be reconstructed or altered, within such time as it may order, so as to comply with the requirements mentioned in the last preceding subsection; and any such bridge, tunnel, or other erection or structure, when so reconstructed or altered shall thereafter be maintained accordingly.

Space above rail.

3. Except by leave of the Board the space between the rail level and such beams, members or portions of any such structure, constructed after the first day of February, one thousand nine hundred and four, shall in no case be less than twenty-two feet six inches.

Structures not owned by company.

4. If, in any case, it is necessary to raise, reconstruct or alter any bridge, tunnel, erection or structure not owned by the company, the Board, upon application of the company,



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

pany, and upon notice to all parties interested, or without any application, may make such order, allowing or requiring such raising, reconstruction or alteration, and upon such terms and conditions as to the Board shall appear just and proper and in the public interest.

Board may exempt certain structures.

5. The Board may exempt from the operation of this section any bridge, tunnel, erection, or structure, over, through or under which it is satisfied no trains, except such as are equipped with air brakes, are run. 1919, c. 68, s. 250.

Where length exceeds 18 feet.

**251.** The company shall not, within the limits of any incorporated city or town, or where its line of railway crosses a highway, whether within or without such limits, commence the construction or reconstruction of, or any material alteration in any bridge, tunnel, viaduct, trestle, or other structure, through, over, or under which the company's trains are to pass, the span, or proposed span or spans, or length of which exceeds eighteen feet, until leave therefor has been obtained from the Board; but the company may, without such leave, commence such construction, reconstruction or alteration at any place beyond the said limits, if such construction, reconstruction or alteration is not at a highway crossing and is in accordance with standard specifications and plans approved by the Board.

Leave or approval of Board.

Company shall submit plans, etc. as required by the Board.

2. Upon any application to the Board for such leave, the company shall submit to the Board the detail plans, profiles, drawings and specifications of any such work proposed to be constructed, and such other plans, profiles, drawings and specifications as the Board may in any case, or by regulation, require.

Powers of Board. Terms.

3. Upon any such application the Board may

(*a*) make such order with regard to the construction of such work, and upon such terms and conditions, as it deems expedient;

Alterations.

(*b*) make alterations in the detail plans, profiles, drawings and specifications so submitted;

Supervision.

(*c*) give directions respecting the supervision of any such work; and

Other works.

(*d*) require that such other works, structures, equipment, appliances and materials be provided, constructed, maintained, used, and operated, and that such measures be taken, as, under the circumstances of each case, may appear to the Board best adapted for securing the protection, safety and convenience of the public.

Company may construct.

4. Upon such order being granted the company shall be authorized to construct such works in accordance therewith.

Board to authorize operation.

5. Upon the completion of any such work the company shall, before using or operating the same, apply to the Board for an order authorizing such use or operation, and the





the Board may grant such order if it is satisfied that its orders and directions have been carried out, and that such work may be used or operated without danger to the public, and that the provisions of this section have been complied with.

Passageway for public.

6. Upon the application of any municipality or municipalities interested, the Board may, where it deems it reasonable and proper, require the company to construct under or alongside of its track upon any bridge being constructed, reconstructed or materially altered by the company a passageway for the use of the public either as a general highway or as a footway, the additional cost to the company of constructing, maintaining and renewing which, as fixed by or under the direction of the Board, shall be paid by the municipality or municipalities as the Board may direct, and the Board may impose any terms or conditions as to the use of such passageway or otherwise which it deems proper. 1919, c. 68, s. 251.

*Crossings and Junctions with other Railways.*

Leave of Board.

**252.** The railway lines or tracks of any railway company shall not cross or join or be crossed or joined by or with any railway lines or tracks other than those of such company, whether otherwise within the legislative authority of the Parliament of Canada or not, until leave therefor has been obtained from the Board as hereinafter provided.

Plans, etc. to be submitted.

2. Upon any application for such leave the applicant shall submit to the Board a plan and profile of such crossing or junction, and such other plans, drawings and specifications as the Board may, in any case, or by regulation, require.

3. The Board may, by order,

Powers of Board.

(*a*) grant such application on such terms as to protection and safety as it deems expedient;

(*b*) change the plan and profile, drawings and specifications so submitted, and fix the place and mode of crossing or junction;

(*c*) direct that one line or track or one set of lines or tracks be carried over or under another line or track or set of lines or tracks;

(*d*) direct that such works, structures, equipment, appliances and materials be constructed, provided, installed, maintained, used or operated, watchmen or other persons employed, and measures taken, as under the circumstances appear to the Board best adapted to remove and prevent all danger of accident, injury or damage;

(*e*) determine the amount of damage and compensation, if any, to be paid for any property or land taken or injuriously



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

injuriously affected by reason of the construction of such works;

(*f*) give directions as to supervision of the construction of the works; and

(*g*) require that detail plans, drawings and specifications of any works, structures, equipment or appliances required, shall, before construction or installation, be submitted to and approved by the Board.

No operation until authorized.

4. No trains shall be operated on the lines or tracks of the applicant over, upon or through such crossing or junction until the Board grants an order authorizing such operation.

Board shall see to compliance.

5. The Board shall not grant such last mentioned order until satisfied that its orders and directions have been carried out, and that the provisions of this section have been complied with. 1919, c. 68, s. 252.

Connections of intersecting railway lines.

**253.** Where the lines or tracks of one railway are intersected or crossed by those of another, or upon any application for leave to make any intersection or crossing, or in any case in which the tracks or lines of two different railways run through or into the same city, town or village, the Board may, upon the application of one of the companies, or of a municipal corporation or other public body, or of any person or persons interested, order that the lines or tracks of such railways shall be so connected, at or near the point of intersection or crossing or in or near such city, town or village, as to admit of the safe and convenient transfer or passing of engines, cars and trains, from the tracks or lines of one railway to those of another, and that such connection shall be maintained and used.

Costs and terms of connections.

2. In and by the order for such connection, or from time to time subsequently, the Board may determine by what company or companies, or other corporations or persons, and in what proportions, the cost of making and maintaining any such connections shall be borne, and upon what terms traffic shall be thereby transferred from the lines of one railway to those of another.

Connections between intersecting provincial and Dominion railways.

3. Where the lines or tracks of any railway within the legislative authority of a province intersect the lines or tracks, or run through or into the same city, town or village as the lines or tracks, of a railway within the legislative authority of the Parliament of Canada, and it is desired by the company owning or operating either of such railways, or by any municipal corporation, or other public body, or any person interested, that the lines or tracks of such railways should be connected, so as to admit of the safe and convenient transfer of engines, cars and trains from the lines or tracks of one of such railways to those of the other, and for the reasonable receiving, forwarding, delivering and





interswitching of traffic between such railways, and there exists in the province in which such connection is desired a provincial railway, public utilities, or other board, commission or body, having power to require such connection between two railways within the legislative authority of such province, hereinafter in this subsection called the provincial board, proceedings may be taken in accordance with the following provisions:—

Proceedings.

(*a*) Either of such companies, or any municipal corporation, or other public body, or any person interested, may file with the Secretary of the Board, and with the secretary of the provincial board, an application for an order that such connection should be required to be made, together with evidence of service of such application upon the railway companies interested or affected; and, where the application is not made by the municipality, upon the head of the municipal corporation within which the proposed connection is situate;

Application for order.

(*b*) After the receipt of the said application, the Board and the provincial board may, by joint session or conference, in conformity with the practice established or adopted by them, hear and determine the said application, and may order that the lines or tracks of such railways be so connected at or near the point of intersection, or in or near such city, town, or village, upon such terms and conditions, and subject to such plans, as they may deem proper;

Hearing of application by Board and provincial authorities.

(*c*) The Chief Commissioner and the chairman of the provincial board of any province having concurrent legislation carrying into effect the purposes and objects of this subsection, may make rules of procedure and practice covering the making of such applications and the hearing and the disposition thereof;

Rules of procedure.

(*d*) The Chief Commissioner and the chairman of the provincial board may assign or appoint from each board the members comprising the joint board that may be required to sit for the hearing and determining of such applications as they arise;

Constitution of joint boards.

(*e*) Any order aforesaid may be made a rule of the Exchequer Court and shall be enforced in like manner as any rule, order, or decree of such court. 1919, c. 68, s. 253.

Enforcement of order.

Safety appliances at rail level crossings.

**254.** The Board may order the adoption and use at any such crossing or junction at rail level, of such interlocking switch, derailing device, signal system, equipment, appliances and materials, as in the opinion of the Board renders it safe for engines and trains to pass over such crossing or junction without being brought to a stop. 1919, c. 68, s. 254.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120387



*Highway Crossings, etc.*

Railway on highway.

Leave.

Compensation.

Consent of municipality.

**255.** The railway of the company may, if leave therefor is first obtained from the Board as hereinafter authorized, but shall not without such leave, be carried upon, along or across any existing highway: Provided that the company shall make compensation to adjacent or abutting landowners if the Board so directs, said compensation to be determined under the arbitration sections of this Act, in so far as such sections are applicable, and provided that the Board shall not grant leave to any company to carry any street railway or tramway, or any railway operated or to be operated as a street railway or tramway, along any highway which is within the limits of any city or incorporated town, until the company has first obtained consent therefor by a by-law of the municipal authority of such city or incorporated town; and provided that where leave is obtained to carry any railway along a highway the Board may require the company to make compensation to the municipality if the Board deems proper, said compensation to be determined under the arbitration sections of this Act, in so far as such sections are applicable.

Highway to be kept open.

2. The company shall, before obstructing any such highway by its works, turn the highway so as to leave an open and good passage for carriages, and, on completion of the works, restore the highway to as good a condition as nearly as possible as it originally had.

Rights saved.

3. Nothing in this section shall deprive any such company of rights conferred upon it by any Special Act of the Parliament of Canada, or amendment thereof, passed prior to the twelfth day of March, one thousand nine hundred and three. 1919, c. 68, s. 255.

Application for crossings.

**256.** Upon any application for leave to construct a railway upon, along or across any highway, or to construct a highway along or across any railway, the applicant shall submit to the Board a plan and profile showing the portion of the railway and highway affected.

Powers of Board.

2. The Board may, by order, grant such application in whole or in part and upon such terms and conditions as to protection, safety and convenience of the public as the Board deems expedient, or may order that the railway be carried over, under or along the highway, or that the highway be carried over, under or along the railway, or that the railway or highway be temporarily or permanently diverted,

Protection, etc.

or that such other work be executed, watchmen or other persons employed, or measures taken as under the circumstances appear to the Board best adapted to remove or diminish the danger or obstruction, in the opinion of the Board, arising or likely to arise in respect of the granting



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120388



of the application in whole or in part in connection with the crossing applied for, or arising or likely to arise in respect thereof in connection with any existing crossing.

As to land required.

3. When the application is for the construction of the railway, upon, along or across a highway, all the provisions of law at such time applicable to the taking of land by the company, to its valuation and sale and conveyance to the company, and to the compensation therefor, including compensation to be paid to adjacent or abutting landowners as provided by the last preceding section, shall apply to the land exclusive of the highway crossing, required for the proper carrying out of any order made by the Board.

Supervision.

4. The Board may exercise supervision in the construction of any work ordered by it under this section, or may give directions respecting such supervision.

Detailed plans, etc., in certain cases.

5. When the Board orders the railway to be carried over or under the highway, or the highway to be carried over or under the railway, or any diversion temporarily or permanently of the railway or the highway, or any works to be executed under this section, the Board may direct that detailed plans, profiles, drawings and specifications be submitted to the Board.

Regulations by Board.

6. The Board may make regulations respecting the plans, profiles, drawings and specifications required to be submitted under this section. 1919, c. 68, s. 256.

Powers of Board as to existing crossings.

**257.** Where a railway is already constructed upon, along or across any highway, the Board may, of its own motion, or upon complaint or application, by or on behalf of the Crown, or any municipal or other corporation, or any person aggrieved, order the company to submit to the Board, within a specified time, a plan and profile of such portion of the railway, and may cause inspection of such portion, and may inquire into and determine all matters and things in respect of such portion, and the crossing, if any, and may make such order as to the protection, safety and convenience of the public as it deems expedient, or may order that the railway be carried over, under or along the highway, or that the highway be carried over, under or along the railway, or that the railway or highway be temporarily or permanently diverted, and that such other work be executed, watchmen or other persons employed, or measures taken as under the circumstances appear to the Board best adapted to remove or diminish the danger or obstruction in the opinion of the Board arising or likely to arise in respect of such portion or crossing, if any, or any other crossing directly or indirectly affected.

Protection, etc.

As to land required.

2. When the Board of its own motion, or upon complaint or application, makes any order that a railway be carried across or along a highway, or that a railway be diverted, all



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120389



all the provisions of law at such time applicable to the taking of land by the company, to its valuation and sale and conveyance to the company, and to the compensation therefor, shall apply to the land, exclusive of the highway crossing, required for the proper carrying out of any order made by the Board.

Supervision by Board.

3. The Board may exercise supervision in the construction of any work ordered by it under this section, or may give directions respecting such supervision. 1919, c. 68, s. 257.

Preventing obstruction of view.

**258.** The Board shall, without limiting any general power elsewhere conferred, have power, for the purpose of diminishing the danger at any highway crossing with any railway heretofore or hereafter constructed, to order

(*a*) that any trees, buildings, earth or other obstruction to the view, which may be upon the railway, or the highway or any trees on any adjoining lands, shall be removed;

(*b*) that nothing obstructing the view shall be placed at such crossing or nearer thereto than the Board designates;

and for any such purpose the Board shall have power to authorize or direct the expropriation of any land, the acquirement of any easement and the doing of anything deemed necessary, and shall have power to fix and order payment of such compensation as it deems just. 1919, c. 68, s. 258.

Apportionment of cost of protection, etc.

**259.** Notwithstanding anything in this Act, or in any other Act, the Board may, subject to the provisions of the next following section of this Act, order what portion, if any, of cost is to be borne respectively by the company, municipal or other corporation, or person in respect of any order made by the Board, under any of the last three preceding sections, and such order shall be binding on and enforcible against any railway company, municipal or other corporation or person named in such order. 1919, c. 68, s. 259.

When railway to bear whole cost.

**260.** In any case where a railway is constructed after the nineteenth day of May, one thousand nine hundred and nine, the company shall, at its own cost and expense, unless and except as otherwise provided by agreement, approved by the Board, between the company and a municipal or other corporation or person, provide, subject to the order of the Board, all protection, safety and convenience for the public in respect of any crossing of a highway by the railway. 1919, c. 68, s. 260.



120390



Foot bridges.

**261.** The Board may order any company to erect over its railway at or near, or in lieu of any highway crossing at rail level, a foot bridge or foot bridges, for the purpose of enabling persons, passing on foot along such highway, to cross the railway by means of such bridge or bridges. 1919, c. 68, s. 261.

Railway Grade Crossing Fund.

**262.** The sums appropriated and set apart to aid actual construction work for the protection, safety and convenience of the public in respect of highway crossings of railways at rail level in existence on the first day of April, one thousand nine hundred and nine, shall be placed to the credit of a special account to be known as "The Railway Grade Crossing Fund," and shall be applied by the Board, subject to the limitations hereinafter set out, solely towards the cost, not including that of maintenance and operation, of actual construction work for the purpose aforesaid.

Apportionment of money of Railway Grade Crossing Fund.

2. The total amount of money to be apportioned, and directed and ordered by the Board to be payable from any such annual appropriation shall not, in the case of any one crossing, exceed forty per cent of the cost of the actual construction work in providing such protection, safety and convenience, and shall not, in any such case, exceed the sum of twenty-five thousand dollars, and no such money shall in any one year be applied to more than six crossings on any one railway in any one municipality or more than once in any one year to any one crossing.

Provincial contributions to fund.

3. In case any province contributes towards the said fund, the Board may apportion, direct and order payment out of the amount so contributed by such province, subject to any conditions and restrictions made and imposed by such province in respect of its contribution.

4. In this section

"Crossing" defined.

(*a*) "crossing," means any steam railway crossing of a highway, or highway crossing of a steam railway, at rail level, and every manner of construction of the railway or of the highway by the elevation or the depression of the one above or below the other, or by the diversion of the one or the other and any other work ordered by the Board to be provided as one work of protection, safety and convenience for the public in respect of one or more railways not exceeding four tracks in all crossing or so crossed;

"Municipality" defined.

(*b*) "municipality," means an incorporated city, town, village, county, township, parish, or rural municipality.

Grant for rail level crossings.

5. The grant of two hundred thousand dollars each year for ten consecutive years from the first day of April, one thousand nine hundred and nineteen, made under the provisions of an Act passed in the said year, chapter thirty,



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120391



shall be expended for the purposes mentioned in the said Act, subject to the terms and conditions in this section contained. 1919, c. 68, s. 262; 1926, c. 14, s. 1.

Overhead crossings. Width and height of highway.

**263.** Unless otherwise directed or permitted by the Board, the highway at any overhead railway crossing shall not at any time be narrowed by means of any abutment or structure to a width less than twenty feet, nor shall the clear headway above the surface of the highway at the central part of any overhead structure, constructed after the first day of February, one thousand nine hundred and four, be less than fourteen feet. 1919, c. 68, s. 263.

Facilities for traffic.

**264.** Every structure by which any railway is carried over or under any highway or by which any highway is carried over or under any railway, shall be so constructed, and, at all times, be so maintained, as to afford safe and adequate facilities for all traffic passing over, under or through such structure. 1919, c. 68, s. 264.

When rail level not obstruction.

**265.** Whenever the railway crosses any highway at rail level, whether the level of the highway remains undisturbed or is raised or lowered to conform to the grade of the railway, the top of the rail may, when the works are completed, unless otherwise directed by the Board, rise above or sink below the level of the highway to the extent of one inch without being deemed an obstruction. 1919, c. 68, s. 265.

Inclination of approach.

**266.** The inclination of the ascent or descent, as the case may be, of any approach by which any highway is carried over or under any railway, or across it at rail level, shall not, unless the Board otherwise directs, be greater than one foot of rise or fall for every twenty feet of the horizontal length of such approach.

Fencing approaches.

2. A good and sufficient fence at least four feet six inches in height from the surface of the approach or structure shall be made and maintained on each side of such approach, and of the structure connected with it. 1919, c. 68, s. 266.

Signboards at level crossings.

**267.** Signboards at every highway crossed at rail level by any railway, shall be erected and maintained at each crossing, and shall have the words *Railway Crossing* painted on each side thereof in letters at least six inches in length.

In Quebec.

2. In the province of Quebec such words shall be in both the English and the French languages. 1919, c. 68, s. 267.

*Drainage and Power, Mining and Irrigation Works.*

Ditches, drains and flumes.

**268.** The company shall in constructing the railway make and maintain suitable water pipes, flumes, ditches and drains along each side of, and across and under the



railway,

R.S., 1927.

120392



railway, to connect with water pipes, flumes, ditches, drains, drainage works and watercourses upon the lands through which the railway runs, so as to afford sufficient outlet to drain and carry off the water, or to convey the water supply, and so that the then natural, artificial, or existing drainage, or water supply, of the said lands shall not be obstructed or impeded by the railway. 1919, c. 68, s. 268.

**269.** Whenever

If drainage insufficient.

(*a*) any lands are injuriously affected by reason of the drainage upon, along, across, or under the railway being insufficient to drain and carry off the water from such lands; or

Or municipality desires.

(*b*) any municipality or landowner desires to obtain means of drainage, or the right to lay water pipes or other pipes, temporarily or permanently, through, along, upon, across or under the railway or any works or land of the company; or

Or company desires.

(*c*) the railway company desires to obtain means of drainage, or the right to lay water pipes or other pipes, temporarily or permanently, through, along, upon, across or under any lands adjoining or near the railway;

Board may order or permit drainage or laying of pipes.

the Board may, upon the application or complaint of the municipality or landowner, or of the company, order or permit the company to construct such drainage or lay such pipes, and may require the applicant to submit to the Board a plan and profile of the portion of the railway or lands to be affected, or may direct an inspecting engineer, or such other person as it deems advisable to appoint, to inspect the locality in question, and, if expedient, there hold an inquiry as to the necessity or requirements for such drainage or pipes, and to make a full report thereon to the Board.

Terms and conditions.

2. The Board may upon such report, or in its discretion, order how, where, when, by whom, and upon what terms and conditions, such drainage may be effected, or pipes laid, constructed and maintained, having due regard to all proper interests, and may fix the compensation, if any, which should be paid to any owner injuriously affected or may direct the compensation, if any, to be determined under the arbitration sections of this Act.

Order not needed where consent, etc.

3. An order of the Board shall not be required in the cases in which water pipes or other pipes are to be laid or maintained under the railway, with the consent of the railway company in accordance with the general regulations, plans or specifications adopted or approved by the Board for such purposes. 1919, c. 68, s. 269.



**270.**

R.S., 1927.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120393



Drainage proceedings under Provincial Acts.

**270.** Whenever by virtue of any Act of any province through which the railway runs, proceedings may be had or taken by any municipality or landowner for any drainage, or drainage works, upon and across the property of any other landowner in such province, the like proceedings may, at the option of such municipality or landowner, be had or taken by such municipality or landowner for drainage, or drainage works, upon and across the railway and lands of the company, in the place of the proceedings before the Board in the last preceding section provided.

Provincial laws to apply.

2. In case of any such proceedings, the drainage laws of the province shall, subject to any previous order or direction of the Board made or given with respect to drainage of the same lands, apply to the lands of the company upon or across which such drainage is required, to the same extent as to the lands of any landowner of such province:

Option of company.

Provided that the company shall have the option of constructing the portion of any drain, or drainage work, required to be constructed upon, along, under or across its railway or lands.

If option not exercised.

3. In the event of the company not exercising such option, and completing such work within a reasonable time, and without any unnecessary delay, such work may be constructed or completed in the same manner as any other portions of such work are provided under the laws of such province to be constructed.

Approval of Board.

4. Notwithstanding anything in this section contained, no drainage works shall be constructed or reconstructed upon, along, under or across the railway or lands of the company until the character of such works, or the specifications or plans thereof, have been first submitted to and approved of by the Board.

Costs.

5. The proportion of the cost of the drain, or drainage works, across or upon the railway, to be borne by the company, shall, in all such cases, be based upon the increase of cost of such work caused by the construction and operation of the railway. 1919, c. 68, s. 270.

Power, mining and irrigation works.

**271.** When any person having authority to create, develop, enlarge or change any water-power, or any electrical or power development by means of water, or to develop and operate mineral claims or mines, or to use water for irrigation purposes, desires for any such purpose to carry any canal, tunnel, flume pipe, ditch or wire across, over or under any railway, and is unable to agree with the railway company as to the terms and conditions upon which the same may be so carried over, under or across the said railway, an application may be made to the Board for leave to construct the necessary works.

Application to Board.



120394



Plan and profile.

2. Upon such application the applicant shall submit to the Board a plan and profile of the railway at the point where it is desired to make such crossing, and a plan or plans showing the proposed method of carrying such canal, tunnel, flume pipe, ditch or wire across, over or under the said railway, and such other plans, drawings and specifications as the Board in any case or by any regulation requires.

Terms of order.

3. The Board may, by order, grant such application on such terms and conditions as to protection and safety, payment of compensation or otherwise, as it deems just and proper, may change the plans, profiles, drawings and specifications so submitted, and fix the place and mode of crossing and may give directions as to the method in which the works are to be constructed and as to supervision of the construction of the works and the maintenance thereof, and order that detailed plans, drawings and specifications of any works, structures, equipment or appliances required shall before construction or installation be submitted to and approved by the Board. 1919, c. 68, s. 271.

*Farm Crossings.*

Farm crossings.

**272.** Every company shall make crossings for persons across whose lands the railway is carried, convenient and proper for the crossing of the railway for farm purposes.

Live stock.

2. Live stock, in using such crossings when at rail level, shall be in charge of some competent person, who shall take all reasonable care and precaution to avoid accidents. 1919, c. 68, s. 272.

Necessary crossings may be ordered by Board.

**273.** The Board may, upon the application of any landowner, order the company to provide and construct a suitable farm crossing across the railway, wherever in any case the Board deems it necessary for the proper enjoyment of his land, and safe in the public interest.

Terms and conditions.

2. The Board may order and direct how, when, where, by whom, and upon what terms and conditions, such farm crossing shall be constructed and maintained. 1919, c. 68, s. 273.

*Fences, Gates and Cattle-guards.*

Company shall erect.

**274.** The company shall erect and maintain upon the railway

Fences.

(*a*) fences of a minimum height of four feet six inches on each side of the railway;

Gates.

(*b*) swing gates in such fences at farm crossings of the minimum height aforesaid, with proper hinges and fastenings; and

Cattle-guards.

(*c*) cattle-guards, on each side of the highway, at every highway crossing at rail level with the railway.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120395



To be joined.

2. The railway fences at every such highway crossing shall be turned into the respective cattle-guards on each side of the highway.

To be suitable.

3. Such fences, gates and cattle-guards shall be suitable and sufficient to prevent cattle and other animals from getting on the railway lands.

Exemption by Board.

4. The Board may, upon application made to it by the company, relieve the company, temporarily or otherwise, from erecting and maintaining such fences, gates and cattle-guards where the railway passes through any locality in which, in the opinion of the Board, such works and structures are unnecessary.

Duty of company while constructing.

5. Where the railway is being constructed through enclosed lands, the company shall, by fencing its right of way before any existing fences are taken down or by other effective means, prevent cattle or other animals escaping from or getting upon such enclosed lands or from one enclosure to another or upon the property of the company by reason of such construction or of any act or thing done by the company, its contractors, agents or employees. 1919, c. 68, s. 274.

*Gates to be Kept Closed.*

Gates to be closed.

**275.** The persons for whose use farm crossings are furnished shall keep the gates at each side of the railway closed, when not in use. 1919, c. 68, s. 275.

OPENING RAILWAY FOR TRAFFIC.

*Inspection and Leave of Board.*

Leave of Board for opening railway.

**276.** No railway, nor any portion thereof, shall be opened for the carriage of traffic, other than for the purposes of the construction of the railway by the company, until leave therefor has been obtained from the Board, as hereinafter provided.

Application therefor.

2. When the company is desirous of so opening its railway or any portion thereof, it shall make an application to the Board for authority therefor, supported by affidavit of its president, secretary, engineer or one of its directors, to the satisfaction of the Board, stating that the railway, or portion thereof, desired to be opened, is in his opinion sufficiently completed for the safe carriage of traffic, and ready for inspection.

Inspection.

3. Before granting such application, the Board shall direct an inspecting engineer to examine the railway, or portion thereof, proposed to be opened.

When opening reported to be safe.

4. If the inspecting engineer reports to the Board, after making such examination, that in his opinion the opening of the railway or portion thereof so proposed to be opened for



120396



for the carriage of traffic, will be reasonably free from danger to the public using the same, the Board may make an order granting such application, in whole or in part, and may name the time therein for the opening of the railway or such portion thereof, and thereupon the railway, or such portion thereof as is authorized by the Board, may be opened for traffic in accordance with such order.

Board may grant application.

When opening reported dangerous.

5. If such inspecting engineer, after the inspection of the railway, or any portion thereof, reports to the Board that, in his opinion, the opening of the same would be attended with danger to the public using the same by reason of the incompleteness of the works or permanent way, or the insufficiency of the construction or equipment of such railway, or portion thereof, he shall state in his report the grounds for such opinion, and the company shall be entitled to notice thereof, and shall be served with a copy of such report and grounds, and the Board may refuse such application in whole or in part, or may direct a further or other inspection and report to be made.

Notice.

Boar l may refuse.

Further inspection.

6. If thereafter, upon such further or other inspection, or upon a new application under this section, the inspecting engineer reports that such railway, or portion thereof, may be opened without danger to the public, the Board may make an order granting such application in whole or in part, and may name the time therein for the opening of the railway, or such portion thereof, and thereupon the railway, or such portion thereof as is authorized by the Board, may be opened for traffic in accordance with such order.

Order for opening.

Leave to carry freight traffic.

7. The Board, upon being satisfied that public convenience will be served thereby, may, after obtaining a report of an inspecting engineer, allow the company to carry traffic over any portion of the railway not opened for the carriage of traffic in accordance with the preceding provisions of this section. 1919, c. 68, s. 276.

*Board May Order Railway to be Opened.*

Board may order opening.

**277.** The Board, in any case where it deems it right, may, upon the application of any person interested or of its own motion, order the opening of any railway or line or any portion thereof, for traffic, and may require the company to do all things necessary therefor, within such time as the Board fixes. 1919, c. 68, s. 277.

SAFETY AND CARE OF ROADWAY.

*Animals not to be at Large Near Highway Crossings.*

Cattle not allowed at large near railway.

**278.** No horses, sheep, swine or other cattle shall be permitted to be at large upon any highway, within half a mile of the intersection of such highway with any railway at



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120397



at rail level, unless they are in charge of some competent person or persons, to prevent their loitering or stopping on such highway at such intersection.

May be impounded.

2. All horses, sheep, swine or other cattle found at large contrary to the provisions of this section may, by any person who finds them at large, be impounded in the pound nearest to the place where they are so found, and the pound-keeper with whom the same are impounded shall detain them in like manner, and subject to like regulations as to the care and disposal thereof, as in the case of cattle impounded for trespass on private property. 1919, c. 68, s. 278.

*Thistles and Weeds to be Kept Cut.*

Company to remove weeds, etc.

**279.** Every company shall cause thistles and all noxious weeds growing on the right of way, and upon land of the company adjoining the railway, to be cut down or to be rooted out and destroyed each year, before such thistles or weeds have sufficiently matured to seed. 1919, c. 68, s. 279.

*Dry Grass to be Removed.*

Company to keep right of way clear.

**280.** The company shall at all times maintain and keep its right of way free from dead or dry grass, weeds and other unnecessary combustible matter. 1919, c. 68, s. 280.

*Fire Protection.*

Orders and regulations.

**281.** The Board may make orders and regulations

Fire guards, etc.

(*a*) respecting the construction, use and maintenance, in connection with the railway, of fire guards or other works which may be deemed by the Board to be necessary and suitable to prevent, as far as possible, fires from being started or occurring, upon, along or near the right of way of the company;

Fire-rangers.

(*b*) requiring the company to establish and maintain an efficient and competent staff of fire-rangers, equipped with such appliances for fighting fires or preventing them from spreading, as the Board may deem proper, and to provide such fire-rangers with proper and suitable equipment to enable them to move from place to place along the line of railway with all due speed;

Patrol.

(*c*) requiring the company to maintain an efficient patrol of the line of railway and of the lands in the vicinity thereof to which fires may spread, and generally defining the duties of the company and of the fire-rangers in respect thereof;

Return as to fire-rangers.

(*d*) requiring the company to make returns of the names of fire-rangers in its employ in the performance of the above-mentioned duties, and of the places or areas in which they are from time to time engaged;



120398



Reports of fires.

(*e*) requiring the company to make reports and returns of fires occurring upon or near its right of way.

Applicability of orders, etc.

2. Any such orders or regulations may be made applicable during or after the construction of the railway, or during such time, and in such manner, as the Board deems proper.

Following fires.

3. For the purpose of fighting and extinguishing fires, the fire-rangers of the company may follow the fires which spread from the railway, to, over and upon the lands to which they may spread.

Entering lands for fire-guard purposes.

4. Subject to the terms and conditions of any order or regulation of the Board, the company may at all times enter into and upon any lands of His Majesty or of any person lying along the railway, for the purpose of establishing and maintaining thereon the fire guards or other protection directed by the Board, and for the purpose of freeing from dead or dry grass, weeds, and other unnecessary inflammable matter, the land between such fire guards and the line of railway. 1919, c. 68, s. 281.

*Packing.*

Packing in spaces.

**282.** The spaces behind and in front of every railway frog or crossing, and between the fixed rails of every switch, where such spaces are less than four inches in width, shall be filled with packing up to the under side of the head of the rail.

In splayed ends.

2. The spaces between any wing rail and any railway frog, and between any guard rail and the track rail alongside of it, shall be filled with packing at their splayed ends, so that the whole splay shall be so filled where the width of the space between the rails is less than four inches.

Height of.

3. Such packing shall not reach higher than to the under side of the head of the rail.

Of what to consist.

4. Such packing shall consist of wood or metal, or some equally substantial and solid material, of not less than two inches in thickness, and, where by this section any space is required to be filled in on any railway, shall extend to within one and a half inches of the crown of the rails in use, shall be neatly fitted so as to come against the web of such rails, and shall be well and solidly fastened to the ties on which such rails are laid: Provided that if there is at any time any method of packing which, in the opinion of the Board, is an improvement over the present requirements, the Board, after hearing on notice, may authorize or direct the use of such improved method. 1919, c. 68, s. 282.

*Board may Direct Inspection and Order Repairs.*

When railway out of repair.

**283.** Whenever any complaint is made to the Board, or the Board receives information, that any railway, or any portion thereof, is dangerous to the public using the same,



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120399



from want of renewal or repair, or insufficient or erroneous construction, or from any other cause, or whenever circumstances arise which, in its opinion, render it expedient, the Board may direct an inspecting engineer to examine the railway, or any portion thereof.

Inspection.

Board may order repairs.

2. The Board may, upon the report of the inspecting engineer, order any repairs, renewal, reconstruction, alteration or new work, materials or equipment to be made, done or furnished by the company upon, in addition to, or substitution for, any portion of the railway, which may, from such report, appear to the Board necessary or proper, and may order that until such repairs, renewals, reconstruction, alteration, and work, materials or equipment are made, done and furnished to its satisfaction, no portion of the railway in respect of which such order is made, shall be used, or used otherwise than subject to such restrictions, conditions and terms as the Board may in such order impose.

May enjoin operation meantime.

Rolling stock may be condemned.

3. The Board may by such order condemn and thereby forbid further use of any rolling stock which, from such report, it may consider unfit to repair or use. 1919, c. 68, s. 283.

*Inspecting Engineer may Forbid Operation.*

Inspecting engineer may forbid operation.

**284.** If in the opinion of any inspecting engineer, it is dangerous for trains to pass over any railway, or any portion thereof, until alterations, substitutions or repairs are made thereon, or that any of the rolling stock should be run or used, the said engineer may, by notice in writing

By notice.

(*a*) forthwith forbid the running of any train over such railway or portion of railway; or

(*b*) require that the same be run only at such times, under such conditions, and with such precautions, as he by such notice specifies; and

(*c*) forbid the running or using of any such rolling stock.

What notice shall state.

2. Such notice shall state the reasons for such opinion of the inspecting engineer, and distinctly point out the defects or the nature of the danger to be apprehended.

Service of notice.

3. The notice may be served upon the company owning, running, or using such railway or rolling stock, or upon any officer having the management or control of the running of trains upon the railway, or the management or control of the rolling stock.

Action of Board.

4. The inspecting engineer shall forthwith report such notice to the Board, which may either confirm, modify or disallow the act or order of such engineer.

Notice thereof.

5. Notice of such confirmation, modification or disallowance, shall be duly given to the company. 1919, c. 68, s. 284.



120400



ACCIDENTS.

*Notice to be Sent to Board.*

Notice to Board of accidents.

**285.** Every company shall, as soon as possible and immediately after the head officers of the company have received information of the occurrence upon the railway belonging to such company, of any accident attended with personal injury to any person using the railway, or to any employee of the company, or whereby any bridge, culvert, viaduct, or tunnel on or of the railway has been broken or so damaged as to be impassable or unfit for immediate use, give notice thereof, with full particulars, to the Board.

By company.

By employees.

2. The conductor or other employee in charge of the train, place or structure in connection with which such accident occurred, shall as soon as possible after such accident notify the Board of the same by telegraph.

Board may regulate.

3. The Board may by regulation declare the manner and form in which such information and notice shall be given and the class of accidents to which this section shall apply, and may declare any such information so given to be privileged. 1919, c. 68, s. 285.

*Board May Direct Inquiry.*

Appointment of officer to inquire into accidents.

**286.** The Board may appoint such person or persons as it thinks fit to inquire into all matters and things which it deems likely to cause or prevent accidents, and the causes of and the circumstances connected with any accident or casualty to life or property occurring on any railway, and into all particulars relating thereto.

Officer to report to Board.

2. The person or persons so appointed shall report fully in writing, to the Board, his or their doings and opinions on the matters respecting which he or they are appointed to inquire, and the Board may act upon such report and may order the company to suspend or dismiss any employee of the company whom it may deem to have been negligent or wilful in respect of any such accident. 1919, c. 68, s. 286.

Powers of Board.

OPERATION AND EQUIPMENT.

*Orders and Regulations of Board.*

Regulations of Board.

**287.** The Board may make orders and regulations

Speed of trains.

(*a*) limiting the rate of speed at which railway trains and locomotives may be run in any city, town or village, or in any class of cities, towns or villages; and the Board may, if it thinks fit, limit certain rates of speed within certain described portions of any city, town or village, and different rates of speed in other portions thereof;

Use of steam whistle.

(*b*) with respect to the use of the steam whistle within any city, town or village, or any portion thereof;



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120401



Passing from car to car. (*c*) with respect to the method and means of passing from one car to another, either inside or overhead, and for the safety of railway employees while passing from one car to another;

Coupling. (*d*) for the coupling of cars;

Shelter. (*e*) requiring proper shelter to be provided for all railway employees when on duty;

Prevention of fires. (*f*) with respect to the use on any engine of nettings, screens, grates and other devices, and the use on any engine or car of any appliances and precautions, which may be deemed by the Board necessary and most suitable to prevent, as far as possible, fires from being started or occurring upon, along, or near the right of way of the railway;

Protection generally. (*g*) with respect to the rolling stock, apparatus, cattle-guards, appliances, signals, methods, devices, structures and works, including light, heat and power lines or wires, to be used upon the railway, so as to provide means for the due protection of property, the employees of the company, and the public and all persons travelling on His Majesty's service;

Length of sections etc. (*h*) with respect to the length of sections required to be kept in repair by employees of the company, and with respect to the number of employees required for each section, so as to ensure safety to the public and to employees;

Number of men. (*i*) designating the number of men to be employed upon trains, with a view to the safety of the public and of employees;

Hours of duty. (*j*) limiting or regulating the hours of duty of any employees or class or classes of employees, with a view to the safety of the public and of employees;

Fuel. Motive power. (*k*) providing that a specified kind of fuel or a specified kind of power or method or means of propulsion shall be used on any or all locomotives and trains in any district; and

Safety, etc. (*l*) generally providing for the protection of property, and the protection, safety, accommodation and comfort of the public, and of the employees of the company, in the running and operating of trains and the speed thereof, or the use of engines, by the company on or in connection with the railway.

Orders, etc. may be made applicable during construction. 2. Any orders or regulations under this section may be made applicable during or after the construction of the railway, or during such time, and in such manner, as the Board deems proper. 1919, c. 68, s. 287.



120402



Uniformity. **288.** The Board shall endeavour to provide for uniformity in the construction of rolling stock to be used upon the railway, and for uniformity of rules for the operation and running of trains. 1919, c. 68, s. 288.

Payment of salary or wages. **289.** The salary or wages of every person employed in the operation, maintenance or equipment of any railway to which the Parliament of Canada has granted aid by means of subsidy or guarantee shall be paid not less frequently than semi-monthly during the term of employment of such person. 1919, c. 68, s. 289.

*By-Laws, Rules and Regulations of Company.*

Company may make by-laws, etc. **290.** The company may, subject to the provisions and restrictions in this and in the Special Act contained, and subject to any orders or regulations of the Board made under the authority of this Act, make by-laws, rules or regulations respecting

Speed. (*a*) the mode by which, and the speed at which any rolling stock used on the railway is to be moved;

Time tables. (*b*) the hours of arrival and departure of trains;

Loads. (*c*) the loading and unloading of cars, and the weights which they are respectively to carry;

Traffic. (*d*) the receipt and delivery of traffic;

Nuisances. (*e*) the smoking of tobacco, expectorating, and the commission of any nuisance in or upon trains, stations, or other premises occupied by the company;

Operation. (*f*) the travelling upon, or the using or working of the railway;

Officers and employees. (*g*) the employment and conduct of the officers and employees of the company; and

Management. (*h*) the due management of the affairs of the company. 1919, c. 68, s. 290.

Penalty may be prescribed. **291.** The company may, for the better enforcing of the observance of any such by-law, rule or regulation, thereby prescribe a penalty enforceable on summary conviction not exceeding forty dollars for any violation thereof. 1919, c. 68, s. 291.

To be in writing under common seal. **292.** All by-laws, rules and regulations, whether made by the directors or the company, shall be reduced to writing, be signed by the chairman or person presiding at the meeting at which they are adopted, have affixed thereto the common seal of the company, and be kept in the office of the company. 1919, c. 68, s. 292.

Must be approved by Governor in Council. **293.** All such by-laws, rules and regulations, except such as relate to tolls and such as are of a private or domestic nature and do not affect the public generally shall be submitted to the Governor in Council for approval.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120403



Board to report.

2. The Board shall make a report to the Governor in Council upon such by-laws, rules and regulations, and the Governor in Council may thereupon sanction such by-laws, rules and regulations or any of them, or any part thereof, and may, from time to time, rescind the sanction thereof, or of any part thereof.

No effect without sanction.

3. No such by-law, rule or regulation shall have any force or effect without such sanction, or after such sanction has been rescinded. 1919, c. 68, s. 293.

Binding when approved.

**294.** Such by-laws, rules and regulations when so approved shall be binding upon, and shall be observed by all persons, and shall be sufficient to justify all persons acting thereunder. 1919, c. 68, s. 294.

Printed copy to be posted up.

**295.** A printed copy of so much of any by-law, rule or regulation, as affects any person, other than the shareholders, or the officers or employees of the company, shall be openly affixed, and kept affixed, to a conspicuous part of every station belonging to the company, so as to give public notice thereof to the persons interested therein or affected thereby.

Copy to every officer and employee affected.

2. A printed copy of so much of any by-law, rule or regulation, as relates to the conduct of or affects the officers or employees of the company, shall be given to every officer and employee of the company thereby affected.

In Quebec both languages.

3. In the province of Quebec every such notice, by-law, rule and regulation shall be published both in the English and French languages. 1919, c. 68, s. 295.

Company may enforce.

**296.** If the violation or non-observance of any by-law, rule or regulation is attended with danger or annoyance to the public, or hindrance to the company in the lawful use of the railway, the company may summarily interfere, using reasonable force, if necessary, to prevent such violation, or to enforce observance, without prejudice to any penalty incurred in respect thereof. 1919, c. 68, s. 296.

Evidence of by-law or regulation.

**297.** A copy of any such by-law, rule or regulation of the company, certified as correct by the president, secretary or other executive officer of the company, and bearing the seal of the company, shall be evidence thereof. 1919, c. 68, s. 297.

*Equipment of Cars and Locomotives.*

Modern and efficient appliances.

**298.** Every railway company shall provide and cause to be used on all trains modern and efficient apparatus, appliances and means

Communication.

(*a*) to provide immediate communication between the conductor while in any car of any passenger train, and the engine driver;





120404



Brakes.

(*b*) to check at will the speed of the train, and bring the same safely to a standstill, as expeditiously as possible, and except under circumstances of sudden danger or emergency, without causing undue discomfort to passengers, if any, on the train; and

Couplers.

(*c*) to securely couple and connect the cars composing the train, and to attach the engine to such train, with couplers which couple automatically by impact, and which can be uncoupled without the necessity of men going in between the ends of the cars.

Drive wheel brake.

2. Such apparatus, appliances and means for the checking of speed or the stopping of any train shall include a power drive wheel brake and appliances for operating the train brake system upon the locomotive.

Power or train brakes.

3. There shall also be such a number of cars in every train equipped with power or train brakes that the engineer on the locomotive drawing such train can control its speed, or bring the train to a stop in the quickest and best manner possible, without requiring brakemen to use the common hand brake for that purpose.

Continuous, instantaneous action.

4. Upon all trains carrying passengers such system of brakes shall be continuous, instantaneous in action, and capable of being applied at will by the engine driver or any brakeman, and the brakes must be self-applying in the event of any failure in the continuity of their action.

Box freight cars.

5. All box freight cars of the company shall, for the security of railway employees, be equipped with

Outside ladders.

(*a*) outside ladders, on two of the diagonally opposite ends and sides of each car, projecting below the frame of the car, with one step or rung of each ladder below the frame, the ladders being placed close to the ends and sides to which they are attached; and

Hand grips.

(*b*) hand grips placed anglewise over the ladders of each box car and so arranged as to assist persons in climbing on the roof by means of the ladders:

Proviso.

Provided that, if there is at any time any other improved side attachment which, in the opinion of the Board, is better calculated to promote the safety of the train hands, the Board may require any of such cars not already fitted with the side attachments by this section required, to be fitted with the said improved attachment.

Height of draw-bars.

6. Every railway company shall adopt and use upon all its rolling stock such height of draw-bars as the Board determines, in accordance with any standard from time to time adopted by competent railway authorities.

Delay may be allowed for compliance.

7. The Board may upon good cause shown, by general regulation, or in any particular case, from time to time grant delay for complying with the provisions of this section. 1919, c. 68, s. 298.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120405



Board may determine what equipment sufficient.

**299.** The Board may, by general regulation or upon application in any particular case, after hearing on notice, order that any apparatus or appliances specified in such regulation or order shall or shall not be deemed sufficient compliance with the provisions of the last preceding section, or that any apparatus or appliances specified in such regulation or order shall or shall not, when used upon the train in the manner and under the circumstances in such regulation or order specified, be deemed sufficient compliance with the provisions of the said section. 1919, c. 68, s. 299.

Oiling.

**300.** The oil cups or other appliances used for oiling the valves of every locomotive in use upon any railway shall be such that no employee shall be required to go outside the cab of the locomotive, while the same is in motion, for the purpose of oiling such valves. 1919, c. 68, s. 300.

Bell and whistle.

**301.** Every locomotive engine shall be equipped and maintained with a bell of at least thirty pounds weight and with a steam whistle. 1919, c. 68, s. 301.

*Running of Trains.*

Regularity in train time.

**302.** All regular trains shall be started and run, as nearly as practicable, at regular hours, fixed by public notice.

Time tables in both languages.

2. Every railway company shall print in both the English and French languages the time tables that are to be used along its lines within the limits of the province of Quebec. 1919, c. 68, s. 302.

Blackboard.

**303.** Every railway company, upon whose railway there is a telegraph or telephone line in operation shall have a blackboard put upon the outside of the station house, over the platform of the station, in some conspicuous place at each station of such company at which there is a telegraph or telephone office; and when any passenger train is overdue at any such station, according to the time table of such company, the station agent or person in charge at such station, shall write, or cause to be written, with white chalk on such blackboard, a notice stating, to the best of his knowledge and belief, the time when such overdue train may be expected to reach such station.

At stations.

Overdue trains.

Further notice.

2. If there is any further change in the expected time of arrival the station agent or person in charge of the station shall write, or cause to be written on the blackboard in like manner, a fresh notice stating, to the best of his knowledge and belief, the time when such overdue train may then be expected to reach such station.

English and French.

3. Such notices shall, in the province of Quebec, be written in the English and French languages, and, in the other provinces, in English. 1919, c. 68, s. 303.



120406



Position of passenger cars.

**304.** No passenger train shall have any freight, merchandise or lumber car in the rear of any passenger car in which any passenger is carried. 1919, c. 68, s. 304.

*Precautions at Swing Bridges.*

Trains to stop at swing bridges.

**305.** When any railway passes over any navigable water, or canal, by means of a draw or swing bridge which is subject to be opened for navigation, every train shall, before coming on or crossing over such bridge, be brought to a full stop, and shall not thereafter proceed until a proper signal has been given for that purpose.

Board may exempt.

2. Wherever there is adopted or in use on any railway, at any such bridge, an interlocking switch and signal system or other device which, in the opinion of the Board, renders it safe to permit engines and trains to pass over such bridge without being brought to a stop, the Board may, by order, permit engines and trains to pass over such bridge without stopping, under such regulations as to speed and other matters, as the Board deems proper. 1919, c. 68, s. 305.

*Precautions at Railway Crossings.*

Signal at rail level crossings.

**306.** No train or engine or electric car shall pass over any crossing where two main lines of railway, or the main tracks of any branch lines, cross each other at rail level, whether they are owned by different companies or the same company, until a proper signal has been received by the conductor or engineer in charge of such train or engine from a competent person or watchman in charge of such crossing that the way is clear.

Electric railway crossings.

2. In the case of an electric car crossing any railway track at rail level, if there is no competent person or watchman in charge of the crossing, it shall be the duty of the conductor, before crossing and before giving the signal to the motorman that the way is clear and to proceed, to go forward and see that the track to be crossed is clear. 1919, c. 68, s. 306.

Stoppage of trains at rail level crossings.

**307.** Every engine, train or electric car shall, before it passes over any crossing as in the last preceding section mentioned, be brought to a full stop: Provided that whenever there is in use, at any such crossing, an interlocking switch and signal system, or other device which, in the opinion of the Board, renders it safe to permit engines and trains or electric cars to pass over such crossing without being brought to a stop, the Board may, by order, permit such engines and trains and cars to pass over such crossing without stopping, under such regulations as to speed and other matters as the Board deems proper. 1919, c. 68, s. 307.

Where safety devices are installed, Board may otherwise order.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120407



*Precautions at Highway Crossings and in Thickly Peopled Places.*

Use of bell and whistle.

**308.** When any train is approaching a highway crossing at rail level the engine whistle shall be sounded at least eighty rods before reaching such crossing, and the bell shall be rung continuously from the time of the sounding of the whistle until the engine has crossed such highway.

Exception.

2. Where a municipal by-law of a city or town prohibits such sounding of the whistle or such ringing of the bell in respect of any such crossing or crossings within the limits of such city or town, such by-law shall, if approved by an order of the Board, to the extent of such prohibition relieve the company and its employees from the duty imposed by this section. 1919, c. 68, s. 308.

Speed of trains.

**309.** No train shall pass at a speed greater than ten miles an hour

In unfenced portions of thickly peopled places.

(*a*) in or through any thickly peopled portion of any city, town or village, unless the track is fenced or properly protected in the manner prescribed by this Act, or unless permission is given by some regulation or order of the Board; or

Over unprotected highway crossings in thickly peopled places.

(*b*) over any highway crossing at rail level in any thickly peopled portion of any city, town or village, unless such crossing is constructed and thereafter maintained and protected in accordance with the orders, regulations and directions specially issued by the Railway Committee of the Privy Council or of the Board, in force with respect to such crossing, or unless permission is given by some regulation or order of the Board; or

Over crossings where accidents happened.

(*c*) over any highway crossing at rail level, if at such crossing, subsequent to the first day of January, one thousand nine hundred and five, a person or vehicle using such crossing, or an animal being ridden or driven over the same, has been struck by a moving train, and bodily injury or death thereby caused to such person or to any other person using such crossing, unless and until such crossing is protected to the satisfaction of the Board; or

Over crossings not protected as ordered.

(*d*) over any highway crossing at rail level in respect of which crossing an order of the Board has been made to provide protection for the safety and convenience of the public and which order has not been complied with. 1919, c. 68, s. 309.

Trains or cars moving reversely.

**310.** Whenever in any city, town or village, any train not headed by an engine is passing over or along a highway at rail level which is not adequately protected by gates or



otherwise,



120408



otherwise, the company shall station on that part of the train, which is then foremost, a person who shall warn persons standing on, or crossing, or about to cross the track of such railway.

Board may exempt.

2. The Board, upon the application of any railway company or person, shall have power to order that this section shall not apply to any particular trains or classes of trains, or to trains running on any specified portions of the railway of the company: Provided that no such order shall be made with respect to trains engaged in shunting or switching, or in yard or terminal movements. 1919, c. 68, s. 310.

Proviso.

*Respecting the Obstruction of Highway Traffic.*

Train must not obstruct highway more than five minutes.

**311.** Whenever any railway crosses any highway at rail level, the company shall not, nor shall its officers, agents or employees, wilfully permit any engine, tender or car, or any portion thereof, to stand on any part of such highway, for a longer period than five minutes at one time, or in shunting, to obstruct public traffic for a longer period than five minutes at one time, or in the opinion of the Board, unnecessarily interfere therewith. 1919, c. 68, s. 311.

TRAFFIC, TOLLS AND TARIFFS.

*Accommodation for Traffic.*

Accommodation.

**312.** The company shall, according to its powers,

At all stations.

(*a*) furnish, at the place of starting, and at the junction of the railway with other railways, and at all stopping places established for such purpose, adequate and suitable accommodation for the receiving and loading of all traffic offered for carriage upon the railway;

Carriage and delivery

(*b*) furnish adequate and suitable accommodation for the carrying, unloading and delivering of all such traffic;

No delay.

(*c*) without delay, and with due care and diligence, receive, carry and deliver all such traffic; and

Appliances.

(*d*) furnish and use all proper appliances, accommodation and means necessary for receiving, loading, carrying, unloading and delivering such traffic;

Other service.

(*e*) furnish such other service incidental to transportation as is customary or usual in connection with the business of a railway company, as may be ordered by the Board.

What adequate and suitable accommodation shall include.

2. Such adequate and suitable accommodation shall include reasonable facilities for the junction of private sidings or private branch railways with any railway belonging to or worked by the company, and reasonable facilities for receiving, forwarding and delivering traffic upon and from



those



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120409



those sidings or private branch railways, together with the placing of cars and moving them upon and from such private sidings and private branch railways.

May be ordered by Board.

3. If in any case such accommodation is not, in the opinion of the Board, furnished by the company, the Board may order the company to furnish the same within such time or during such period as the Board deems expedient, having regard to all proper interests; or may prohibit or limit the use, either generally or upon any specified railway or part thereof, of any engines, locomotives, cars, rolling stock, apparatus, machinery, or devices, or any class or kind thereof, not equipped as required by this Act, or by any orders or regulations of the Board made within its jurisdiction under the provisions of this Act.

Payment of tolls.

4. Such traffic shall be taken, carried to and from, and delivered at the places aforesaid on the due payment of the toll lawfully payable therefor.

Board may regulate time so as to allow connections to be made between railways for passengers and mails.

5. Where a company's railway crosses or joins or approaches, in the opinion of the Board, sufficiently near to any other railway, upon which passengers or mails are transported, whether the last mentioned railway is within the legislative authority of the Parliament of Canada or not, the Board may order the company so to regulate the running of its trains carrying passengers or mails, and the places and times of stopping them, as to afford reasonable opportunity for the transfer of passengers and mails between its railway and such other railway, and may order the company to furnish reasonable facilities and accommodation for such purpose.

Board may order specific works, tolls, etc.

6. For the purposes of this section the Board may order that specific works be constructed or carried out, or that property be acquired, or that specified tolls be charged, or that cars, motive power or other equipment be allotted, distributed, used or moved as specified by the Board, or that any specified steps, systems, or methods be taken or followed by any particular company or companies, or by railway companies generally.

Right of action on default.

7. Every person aggrieved by any neglect or refusal of the company to comply with the requirements of this section shall, subject to this Act, have an action therefor against the company, from which action the company shall not be relieved by any notice, condition or declaration, if the damage arises from any negligence or omission of the company or of its servant.

Condition against negligence invalid.

Demurrage.

8. The Board may make regulations, applying generally or to any particular railway or any portion thereof, or may make an order in any case where it sees fit, imposing charges for default or delay by any company in furnishing accommodation, appliances, or means as aforesaid, or in receiving,



R.S., 1927.

120410



loading, carrying, unloading or delivering traffic, and may enforce payment of such charges by companies to any person injuriously affected by such default or delay; and any amount so received by any person shall be deducted from the damages recoverable or recovered by such person for such default or delay; and the Board may, by order or regulation, determine what circumstances shall exempt any company from payment of any such charges. 1919, c. 68, s. 312.

Interchange of traffic between connecting lines.

**313.** Where a branch line of one railway joins or connects the line or lines of such railway with another, the Board may, upon application of one of the companies, or of a municipal corporation or other public body, order that the railway company which constructed such branch line shall afford all reasonable and proper facilities for the interchange, by means of such branch, of freight and live stock traffic, and the empty cars incidental thereto, between the lines of the said railway and those of the railway with which the said branch is so joined or connected, in both directions, and also between the lines of the said first mentioned railway and those of other railways connecting with the lines of the first mentioned railway and all tracks and sidings used by such first mentioned railway for the purpose of loading and unloading cars, and owned or controlled by, or connecting with the lines of, the company owning or controlling the first mentioned railway, and such other tracks and sidings as the Board from time to time directs; and the company owning or controlling the secondly mentioned railway shall furnish similar reasonable and proper facilities to the first mentioned railway, and to other lines connecting with its own railway, and shall in all respects be under duties corresponding to those of the company owning or controlling the first mentioned railway, and shall be subject in like manner to the directions of the Board.

Inter-switching.

Reciprocal duties of companies.

Charge regulated by Board.

2. The Board may, in and by such order, or by other orders, from time to time determine as questions of fact and direct the price per car which shall be charged by and paid for such traffic.

Application of section.

3. This section shall apply whether or not the point of connection is within the same city, town or village as the point of shipment or delivery, or so near thereto that the tolls to and from such points are the same. 1919, c. 68, s. 313.

*Equality as to Tolls and Facilities.*

Equal tolls to be charged.

**314.** All tolls shall always under substantially similar circumstances and conditions, in respect of all traffic of the same description, and carried in or upon the like kind of



cars

R.S., 1927.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120411



cars or conveyances, passing over the same line or route, be charged equally to all persons and at the same rate, whether by weight, mileage or otherwise.

No discrimination.

2. No reduction or advance in any such tolls shall be made, either directly or indirectly, in favour of or against any particular person or company travelling upon or using the railway.

Carload quantities.

3. The tolls for carload quantities or longer distances, may be proportionately less than the tolls for less than carload quantities, or shorter distances, if such tolls are, under substantially similar circumstances, charged equally to all persons.

Localities.

4. No toll shall be charged which unjustly discriminates between different localities.

Duty of Board.

5. The Board shall not approve or allow any toll, which for the like description of goods, or for passengers carried under substantially similar circumstances and conditions in the same direction over the same line or route is greater for a shorter than for a longer distance, within which such shorter distance is included, unless the Board is satisfied that, owing to competition, it is expedient to allow such toll.

Competitive points.

6. The Board may declare that any places are competitive points within the meaning of this Act. 1919, c. 68, s. 314.

Pooling prohibited.

**315.** No company shall, without leave therefor having been obtained from the Board, except in accordance with the provisions of this Act, directly or indirectly, pool its freights or tolls with the freights or tolls of any other railway company or common carrier, or divide its earnings or any portion thereof with any other railway company or common carrier, or enter into any contract, arrangement, agreement, or combination to effect, or which may effect, any such result. 1919, c. 68, s. 315.

Facilities for traffic.

**316.** All railway companies shall, according to their respective powers, afford to all persons and companies all reasonable and proper facilities for the receiving, forwarding and delivering of traffic upon and from their several railways, for the interchange of traffic between their respective railways, and for the return of rolling stock.

Through traffic.

2. Such facilities so to be afforded shall include the due and reasonable receiving, forwarding and delivering by the company, at the request of any other company, of through traffic, and in the case of goods shipped by carload, of the car with the goods shipped therein, to and from the railway of such other company, at a through rate; and also the due and reasonable receiving, forwarding and delivering by the company, at the request of any person interested in through traffic, of such traffic at through rates.



120412



3. No company shall

No undue preference.

(*a*) make or give any undue or unreasonable preference or advantage to, or in favour of any particular person or company, or any particular description of traffic, in any respect whatsoever;

Or discrimination.

(*b*) by any unreasonable delay or otherwise howsoever, make any difference in treatment in the receiving, loading, forwarding, unloading, or delivery of the goods of a similar character in favour of or against any particular person or company;

Or prejudice.

(*c*) subject any particular person, or company, or any particular description of traffic, to any undue, or unreasonable prejudice or disadvantage, in any respect whatsoever; or

Allotment of freight cars.

(*d*) so distribute or allot its freight cars as to discriminate unjustly against any locality or industry, or against any traffic which may originate on its railway destined to a point on another railway in Canada with which it connects.

Connecting railway to afford reasonable facilities.

4. Every railway company which has or works a railway forming part of a continuous line of railway with or which intersects any other railway, or which has any terminus, station or wharf near to any terminus, station or wharf of any other railway, shall afford all due and reasonable facilities for delivering to such other railway, or for receiving from and forwarding by its railway, all the traffic arriving by such other railway without any unreasonable delay, and without any such preference or advantage, or prejudice or disadvantage as aforesaid, and so that no obstruction is offered to the public desirous of using such railways as a continuous line of communication, and so that all reasonable accommodation, by means of the railways of the several companies, is, at all times, afforded to the public in that behalf.

Facilities for junction of private sidings, branches, etc.

5. The reasonable facilities which every railway company is required to afford under this section, shall include reasonable facilities for the junction of private sidings or private branch railways with any railway belonging to or worked by any such company, and reasonable facilities for receiving, forwarding and delivering traffic upon and from those sidings or private branch railways.

Equal facilities to be granted to express companies.

6. Every railway company which grants any facilities for the carriage of goods by express to any incorporated express company or person, shall grant equal facilities, on equal terms and conditions, to any other incorporated express company which demands the same.

Agreements to the contrary void.

7. Any agreement made between any two or more companies contrary to this section shall be unlawful and null and void. 1919, c. 68, s. 316.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120413



Board may determine.

**317.** The Board may determine, as questions of fact, whether or not traffic is or has been carried under substantially similar circumstances and conditions, and whether there has, in any case, been unjust discrimination, or undue or unreasonable preference or advantage, or prejudice or disadvantage, within the meaning of this Act, or whether in any case the company has, or has not, complied with the provisions of the three last preceding sections.

May make declaratory regulation.

2. The Board may by regulation declare what shall constitute substantially similar circumstances and conditions, or unjust or unreasonable preferences, advantages, prejudices, or disadvantages within the meaning of this Act, or what shall constitute compliance or non-compliance with the provisions of the three last preceding sections.

Board may order specific works, tolls, etc.

3. For the purposes of the last preceding section, the Board may order that specific works be constructed or carried out, or that property be acquired, or that specified tolls be charged, or that cars, motive power or other equipment be allotted, distributed, used or moved as specified by the Board, or that any specified steps, systems, or methods be taken or followed by any particular company or companies, or by railway companies generally. 1919, c. 68, s. 317.

Facilities to be afforded for movement of grain from the Western Provinces.

**318.** If the company is unable or fails to provide sufficient facilities for the movement of grain from the western provinces to the elevators at the head of lake Superior, or to destinations east thereof, after the close of navigation on the Great Lakes and before the next harvest, and grain in certain sections or districts cannot by reason thereof be marketed, the Board may require the said company to furnish all facilities within its powers for the carriage of such grain in such sections or districts to any intermediate point or points of interchange with another company or any terminal elevator, and there to make delivery thereof to such other company or companies or to such elevator for carriage by such other company or companies as the Board may direct; and the Board may require such other company or companies to transport such grain and supply the necessary cars and engines therefor, and the rates lawfully published and filed by the company in default and obtaining on its route shall apply over the joint route or routes so directed and shall be apportioned between the companies as the Board may direct. 1919, c. 68, s. 318.

Discrimination.

**319.** Whenever it is shown that any railway company charges one person, company, or class of persons, or the persons in any district, lower tolls for the same or similar goods, or lower tolls for the same or similar services, than it charges to other persons, companies, or classes of persons,



120414



Burden of proof.

or to the persons in another district, or makes any difference in treatment in respect of such companies or persons, the burden of proving that such lower toll or difference in treatment does not amount to an undue preference or an unjust discrimination, shall lie on the company. 1919, c. 68, s. 319.

What Board may consider in deciding undue preference.

**320.** In deciding whether a lower toll, or difference in treatment, does or does not amount to an undue preference or an unjust discrimination, the Board may consider whether such lower toll, or difference in treatment, is necessary for the purpose of securing, in the interests of the public, the traffic in respect of which it is made, and whether such object cannot be attained without unduly reducing the higher tolls. 1919, c. 68, s. 320.

Apportionment of toll for carriage by land and water.

**321.** In any case in which the toll charged by the company for carriage, partly by rail and partly by water, is expressed in a single sum, the Board, for the purpose of determining whether a toll charged is discriminatory or contrary in any way to the provisions of this Act, may require the company to declare forthwith to the Board, or may determine, what portion of such single sum is charged in respect of the carriage by rail. 1919, c. 68, s. 321.

*Freight Classification.*

Tariff of tolls subject to classification by Board.

**322.** The tariffs of tolls for freight traffic shall be subject to and governed by that classification which the Board may prescribe or authorize, and the Board shall endeavour to have such classification uniform throughout Canada, as far as may be, having due regard to all proper interests.

Special terms and conditions.

2. The Board may make any special regulations, terms and conditions or order or direction in connection with such classification, and as to the carriage of any particular commodity or commodities mentioned therein, as to it may seem expedient.

Changes of class.

3. The company may, from time to time, with the approval of the Board, and shall, when so directed by the Board, place any goods specified by the Board in any stated class, or remove them from any one class to any other, higher or lower, class: Provided that no goods shall be removed from a lower to a higher class until such notice as the Board determines has been given in the *Canada Gazette*.

United States classification.

4. Any freight classification and exception thereto in use in the United States may, subject to any regulation, order or direction of the Board, be used by the company with respect to traffic to and from the United States. 1919, c. 68, s. 322.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120415



*Tariffs—General Provisions.*

Tariffs of tolls.

Preparation and issue.

**323.** The company or the directors of the company, by by-law, or any officer of the company who is thereunto authorized by a by-law of the company or directors may from time to time prepare and issue tariffs of the tolls to be charged in respect of the railway owned or operated by the company, and may specify the persons to whom, the place where, and the manner in which, such tolls shall be paid.

Local or general.

2. The tolls may be either for the whole or for any particular portion of the railway.

Approval by Board.

3. All such by-laws shall be submitted to and approved by the Board.

Nature of approval.

4. The Board may approve such by-laws in whole or in part, or change, alter or vary any of the provisions therein.

No tolls unless authorized.

5. No tolls shall be charged by the company or by any person in respect of a railway or any traffic thereon until a by-law authorizing the preparation and issue of tariffs of such tolls has been approved by the Board, nor, unless otherwise authorized by this Act, until a tariff of such tolls has been filed with, and, where such approval is required under this Act, approved by, the Board, nor until any other requirements necessary under this Act to bring such tariff into effect have been complied with; nor shall any tolls be charged under any tariff or portion thereof disallowed by the Board, or not in effect in accordance with the provisions of this Act; nor shall the company charge, levy or collect any toll or money for any service as a common carrier except under and in accordance with the provisions of this Act.

Regulations as to publication.

6. The Board may, with respect to any tariff of tolls, other than the passenger and freight tariffs in this Act hereinafter mentioned, make regulations fixing and determining the time when, the places where, and the manner in which, such tariffs shall be filed, published and kept open for public inspection. 1919, c. 68, s. 323.

Form and particulars.

**324.** All tariff by-laws and tariffs of tolls shall be in such form, size and style, and give such information, particulars and details, as the Board may, by regulation, or in any case, prescribe. 1919, c. 68, s. 324.

Disallowance.

Substitution.

**325.** The Board may disallow any tariff or any portion thereof which it considers to be unjust or unreasonable, or contrary to any of the provisions of this Act, and may require the company, within a prescribed time, to substitute a tariff satisfactory to the Board in lieu thereof, or may prescribe other tolls in lieu of the tolls so disallowed.

Effective date.

2. The Board may designate the date at which any tariff shall come into force, and either on application or of its own motion may, pending investigation or for any reason,



120416



postpone the effective date of, or either before or after it comes into effect, suspend any tariff or any portion thereof.

Amendment.

3. Except as otherwise provided, any tariff in force, except standard tariffs hereinafter mentioned, may, subject to disallowance or change by the Board, be amended or supplemented by the company by new tariffs, in accordance with the provisions of this Act.

Consolidation.

4. When any tariff has been amended or supplemented, or is proposed to be amended or supplemented, the Board may order that a consolidation and reissue of such tariff be made by the company.

Power to fix rates and to enforce fair and reasonable rate structure.

5. Notwithstanding the provisions of section three of this Act the powers given to the Board under this Act to fix, determine and enforce just and reasonable rates, and to change and alter rates as changing conditions or cost of transportation may from time to time require, shall not be limited or in any manner affected by the provisions of any Act of the Parliament of Canada, or by any agreement made or entered into pursuant thereto, whether general in application or special and relating only to any specific railway or railways, and the Board shall not excuse any charge of unjust discrimination, whether practised against shippers, consignees, or localities, or of undue or unreasonable preference, on the ground that such discrimination or preference is justified or required by any agreement made or entered into by the company: Provided that, notwithstanding anything in this subsection contained, rates on grain and flour shall, on and from the twenty-seventh day of June, one thousand nine hundred and twenty-five, be governed by the provisions of the agreement made pursuant to chapter five of the Statutes of Canada 1897, but such rates shall apply to all such traffic moving from all points on all lines of railway west of Fort William to Fort William or Port Arthur over all lines now or hereafter constructed by any company subject to the jurisdiction of Parliament.

Proviso as to rates on grain and flour.

1897, c. 5.

Unjust discrimination or undue or unreasonable preference in rates on grain and flour.

6. The Board shall not excuse any charge of unjust discrimination, whether practised against shippers, consignees, or localities or of undue or unreasonable preference, respecting rates on grain and flour, governed by the provisions of chapter five of the Statutes of Canada 1897, and by the agreement made or entered into pursuant thereto within the territory in the immediately preceding subsection referred to, on the ground that such discrimination or preference is justified or required by the said Act or by the agreement made or entered into pursuant thereto. 1919, c. 68, s. 325; 1925, c. 52, ss. 2 and 3.

References in superseding tariffs.

**326.** Every tariff superseding or intended to supersede any other tariff or tariffs, or any portion or portions thereof, shall specify the tariff or tariffs, or portion or



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120417

portions thereof, which it supersedes or is intended to supersede, by giving the reference number or referring to the page and section or item in such a way as to facilitate an accurate and ready reference to what is superseded or intended to be superseded.

Supplements to cancelled tariffs.

2. When any tariff is cancelled without being superseded by a tariff of like issue, a supplement shall be issued to such cancelled tariff and such supplement shall specify the tariff wherein the tolls may thereafter be found. 1919, c. 68, s. 326.

Fraction of a mile.

**327.** In all cases a fraction of a mile in the distance over which traffic is carried on the railway shall be considered as a whole mile.

Fraction of five pounds in weight.

2. In estimating the weight of any goods in any one single shipment on which the toll amounts to more than the minimum, or "smalls" toll, any fraction of five pounds shall be waived by the company, and five or any fraction above five and up to ten pounds shall be deemed ten pounds by the company.

Fraction of five cents.

3. In estimating the tolls to be charged in passenger tariffs hereafter issued, any amount not exceeding two and a half cents shall be waived by the company, and above two and a half cents and up to five cents shall be considered as five cents by the company. 1919, c. 68, s. 327.

*Freight Tariffs.*

Division of freight tariffs.

**328.** The tariffs of tolls which the company shall be authorized to issue under this Act for the carriage of goods between points on the railway shall be divided into three classes,

Standard. (*a*) the standard freight tariff;

Special. (*b*) special freight tariffs; and

Competitive. (*c*) competitive tariffs. 1919, c. 68, s. 328.

What standard freight tariff to specify.

**329.** The standard freight tariff or tariffs, where the company is allowed by the Board more than one standard freight tariff, shall specify the maximum mileage tolls to be charged for each class of the freight classification for all distances covered by the company's railway.

Distances.

2. Such distances may be expressed in blocks or groups, and such blocks or groups may include relatively greater distances for the longer than for the shorter hauls.

What special freight tariffs to specify.

3. The special freight tariffs shall specify the toll or tolls, lower than in the standard freight tariff, to be charged by the company for any particular commodity or commodities, or for each or any class or classes of the freight classification, or to or from a certain point or points on the railway; and greater tolls shall not be charged for a



120418



shorter than for a longer distance over the same line in the same direction, if such shorter distance is included in the longer.

What competitive tariffs to specify.

4. The competitive tariffs shall specify the toll or tolls, lower than in the standard freight tariff, to be charged by the company for any class or classes of the freight classification, or for any commodity or commodities, to or from any specified point or points which the Board may deem or have declared to be competitive points not subject to the long and short haul clause under the provisions of this Act. 1919, c. 68, s. 329.

Standard freight tariff.

**330.** Every standard freight tariff shall be filed with the Board, and shall be subject to the approval of the Board.

Filing. Approval. Publication.

2. Upon any such tariff being filed and approved by the Board the company shall publish the same, with a notice of such approval in such form as the Board directs in at least two consecutive weekly issues of the *Canada Gazette*.

Tolls specified to be the only lawful tolls.

3. When the provisions of this section have been complied with, the tolls as specified in the standard freight tariff or tariffs, as the case may be, shall, except in the cases of special freight and competitive tariffs, be the only tolls which the company is authorized to charge for the carriage of goods.

No toll until compliance.

4. Until the provisions of this section have been complied with, no toll shall be charged by the company.

Changes to be approved.

5. No standard freight tariff shall be amended or supplemented except with approval of the Board. 1919, c. 68, s. 330.

Special freight tariffs.

**331.** Special freight tariffs shall be filed by the company with the Board, and every such tariff shall specify the date of the issue thereof and the date on which it is intended to take effect.

If tolls previously in force are reduced.

2. When any such special freight tariff reduces any toll previously authorized to be charged under this Act, the company shall file such tariff with the Board at least three days before its effective date, and shall, for three days previous to the date on which such tariff is intended to take effect, deposit and keep on file in a convenient place, open for the inspection of the public during office hours, a copy of such tariff, at every station or office of the company where freight is received, or to which freight is to be carried thereunder, and also post up in a prominent place, at each such office or station, a notice in large type directing public attention to the place in such office or station where such tariff is so kept on file: Provided that the Board may by

Notice.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120419



regulation or otherwise determine and prescribe any other or additional method of publication of such tariff during the period aforesaid.

If previous tolls advanced.

3. When any such special freight tariff advances any toll previously authorized to be charged under this Act, the company shall in like manner file and publish such tariff thirty days previously to the date on which such tariff is intended to take effect: Provided that where objection to any such tariff is filed with the Board, the burden of proof justifying the proposed advances shall be upon the company filing said tariff.

Burden of proof.

When tariff effective.

4. When the foregoing provisions have been complied with, any such special freight tariff, unless suspended or postponed by the Board, shall take effect on the date stated therein as the date on which it is intended to take effect, and the company shall thereafter, until such tariff is disallowed or suspended by the Board or superseded by a new tariff, charge the toll or tolls as specified therein, and such special freight tariff shall supersede any preceding tariff or tariffs, or any portion of portions thereof, in so far as it reduces or advances the tolls therein.

No tolls until tariff in force.

5. Until such special freight tariff comes into effect, no such special freight toll or tolls shall be charged by the company. 1919, c. 68, s. 331.

Competitive tariffs.

**332.** Competitive tariffs shall be filed by the company with the Board and every such tariff shall specify the date of the issue thereof and the date on which it is intended to take effect: Provided that where it may be necessary to meet the exigencies of competition, or as the Board may deem expedient, the Board may make rules and regulations governing the filing or publication of such tariffs, and may provide that any such tariffs may be acted upon and put in operation immediately upon the issue thereof by the company, before they have been filed with the Board, or may in any case make a special order or direction allowing any such tariff to go into effect as the Board shall appoint. 1919, c. 68, s. 332.

Filing.

*Passenger Tariffs.*

Division of passenger tariffs.

**333.** The tariffs of tolls which the company shall be authorized to issue under this Act for the carriage of passengers between points on the railway shall be divided into two classes,

Standard.

(*a*) the standard passenger tariff; and

Special.

(*b*) special passenger tariffs.

What standard passenger tariff shall specify.

2. The standard passenger tariff or tariffs, where the company is allowed by the Board more than one standard passenger tariff, shall specify the maximum mileage toll or



120420



tolls to be charged for passengers for all distances covered by the company's railway; and such distances may be expressed in like manner as provided herein in respect of standard freight tariffs.

What special passenger tariffs shall specify.

3. Special passenger tariffs shall specify the toll or tolls to be charged by the company for passengers, in every case where such tolls are lower than the tolls specified in the company's standard passenger tariff. 1919, c. 68, s. 333.

Standard passenger tariff.

**334.** A standard passenger tariff shall be filed approved and published, and amended or supplemented, in the same manner as required by this Act in the case of a standard freight tariff.

Approved and published.

2. Until the company files its standard passenger tariff and such tariff is so approved and published in the *Canada Gazette*, no tolls shall be charged by the company.

Tolls authorized.

3. When the provisions of this section have been complied with, the tolls in the standard passenger tariff shall, except in the case of special passenger tariffs, be the only tolls which the company is authorized to charge for the carriage of passengers. 1919, c. 68, s. 334.

Special passenger tariffs.

**335.** The company shall file all special passenger tariffs with the Board at least three days before the effective date and shall, for three days previous to the date on which any such tariff is intended to take effect, deposit and keep on file in a convenient place, open for the inspection of the public during office hours, a copy of each such tariff, at every station or office of the company where passengers are received for carriage thereunder, and also post up in a prominent place at each such office or station a notice in large type directing public attention to the place in such office or station where such tariff is so kept on file: Provided that the Board may, owing to the exigencies of competition or otherwise, notwithstanding anything in this section contained, determine the time or manner within and according to which publication of any such tariff is to be made.

Notice.

Date and period.

2. The date of the issue and the date on which, and the period, if any, during which, any such tariff is intended to take effect, shall be specified therein.

When effective.

3. When the foregoing provisions have been complied with, any such tariff, unless suspended or postponed by the Board, shall take effect on the date stated therein as the date on which it is intended to take effect, and the company shall thereafter, until such tariff is disallowed or suspended by the Board or expires or is superseded by a new tariff, charge the toll or tolls as specified therein, and such



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120421



such tariff shall supersede any preceding tariff or tariffs or any portion or portions thereof, in so far as it reduces or advances the tolls therein.

No toll before tariff.

4. Until such tariff comes into effect no such toll or tolls shall be charged by the company. 1919, c. 68, s. 335.

*Joint Tariffs.*

Continuous route in Canada.

**336.** Where traffic is to pass over any continuous route in Canada operated by two or more companies, the several companies shall agree upon a joint tariff for such continuous route, and the initial company shall file such joint tariff with the Board, and the other company or companies, shall promptly notify the Board of its or their assent to and concurrence in such joint tariff.

Joint tariffs shall be agreed upon.

Names of companies.

2. The names of the companies whose lines compose such continuous route shall be shown by such tariffs.

Continuous route in the case of carriage by water.

3. If the company owns, charters, uses, maintains or works, or is a party to any arrangement for using, maintaining or working vessels for carrying traffic, by sea or inland water, between any places or ports in Canada, and if any such vessel carries traffic between a port in Canada reached by such company and a port in Canada reached by the railway of another company, the vessel and the railway of either company shall be deemed to constitute a continuous route in Canada within the meaning of this section. 1919, c. 68, s. 336.

Where failure to agree Board may decide.

**337.** In the event of failure by such companies to agree upon any such joint tariff as provided in the last preceding section, the Board on the application of any company or person desiring to forward traffic over any such continuous route, which the Board considers a reasonable and practicable route, or any portion thereof, may require such companies, within a prescribed time, to agree upon and file in like manner a joint tariff for such continuous route, satisfactory to the Board, or may, by order, determine the route, fix the toll or tolls and apportion the same among the companies interested, and may determine the date when the toll or tolls so fixed shall come into effect.

Companies to comply.

2. Upon any such order being made the companies shall as soon as possible, or within such time as the Board may require, file and publish a joint tariff in accordance with this Act, and in accordance with such order.

Apportionment of through rate.

3. In any case when there is a dispute between companies interested as to the apportionment of a through rate in any joint tariff, the Board may apportion such rate between such companies.



120422



Power of Board.

4. The Board may decide that any proposed through rate is just and reasonable, notwithstanding that a less amount may be allotted to any company out of such through rate than the toll such company would otherwise be entitled to charge. 1919, c. 68, s. 337.

From Canada to foreign country.

**338.** When traffic is to pass over any continuous route from a point in Canada through a foreign country into Canada, or from any point in Canada to a foreign country, and such route is operated by two or more companies, whether Canadian or foreign, the several companies shall file with the Board a joint tariff for such continuous route. 1919, c. 68, s. 338.

From foreign country to or through Canada.

**339.** As respects all traffic which is carried from any point in a foreign country into Canada, or from a foreign country through Canada into a foreign country by any continuous route owned or operated by any two or more companies, whether Canadian or foreign, a joint tariff for such continuous route shall be duly filed with the Board. 1919, c. 68, s. 339.

Continuous carriage not to be prevented.

**340.** No company shall, by any combination, contract or agreement, express or implied, or by other means or device, prevent the carriage of goods from being continuous from the place of shipment to the place of destination.

Break in bulk, etc.

2. No break in bulk, stoppage or interruption made by such company shall prevent the carriage of goods from being treated as one continuous carriage from the place of shipment to the place of destination, unless such break, stoppage or interruption was made in good faith for some necessary purpose, and without any intent to avoid or unnecessarily interrupt such continuous carriage, or to evade any of the provisions of this Act. 1919, c. 68, s. 340.

Filing and publication of joint tariffs.

**341.** Joint tariffs shall, as to the filing and publication thereof, be subject to the same provisions in this Act as are applicable to the filing and publication of local tariffs of a similar description; and upon any such joint tariff being so duly filed with the Board the company or companies shall, until such tariff is superseded by another tariff or disallowed by the Board, charge the toll or tolls as specified therein: Provided that the Board may except from the provisions of this section the filing and publication of any or all passenger tariffs of foreign railway companies.

Proviso.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120423



Information which Board may require.

2. The Board may require to be informed by the company of the proportion of the toll or tolls, in any joint tariff filed, which it or any other company, whether Canadian or foreign, is to receive or has received. 1919, c. 68, s. 341.

*Posting of Tariffs.*

Where to be posted.

**342.** The company shall deposit and keep on file in a convenient place, open for the inspection of the public during office hours, a copy of each of its tariffs, at the following places respectively:—

Standard tariffs.

(*a*) Standard passenger and freight tariffs at every station or office of the company where passengers or freight, respectively, are received for carriage, thereunder;

Special tariffs.

(*b*) Special passenger and freight tariffs, at every station or office of the company where passengers or freight, respectively, are received for carriage thereunder, and such freight tariffs also at each of its stations or offices to which freight traffic is to be carried thereunder;

Competitive tariffs.

(*c*) Competitive tariffs, at each freight station or office of the company where goods are to be received and delivered thereunder;

Joint tariffs in Canada.

(*d*) Joint tariffs for traffic passing over any continuous route in Canada, operated by two or more companies, at each freight station or office where traffic is to be received, and at each freight station to which such tariffs extend;

Joint tariffs.

(*e*) Joint tariffs for traffic passing over any continuous route operated by two or more companies, whether Canadian or foreign, from a point in Canada through a foreign country into Canada, or from any point in Canada to a foreign country, at each freight station or office where such traffic is to be received, and at each freight station or office in Canada to which it is to be carried as its destination;

From Canada to foreign country.

From foreign country to or through Canada.

(*f*) Joint tariffs for traffic carried by any continuous route owned or operated by two or more companies, whether Canadian or foreign, from any point in a foreign country into Canada, or from a foreign country through Canada into a foreign country, at each freight station or office in Canada to which such tariffs extend.

Freight classifications.

2. The company shall keep on file at its stations or offices, where freight is received and delivered, a copy of the freight classification, or classifications, in force upon the railway, for inspection during business hours.



120424



Notice to be posted at station of place where tariffs open to inspection.

3. The company shall post up in a prominent place at each of its stations where passengers or freight, respectively, are received for carriage, a notice in large type directing the public attention to the place in such station where the passenger or freight tariffs, respectively, are kept on file for public inspection during business hours, and the station agent, or person in charge at such station, shall produce to any applicant, on request, any particular tariff in use at that station which he may desire to inspect.

Power of Board as to publication of tariffs.

4. Notwithstanding anything in this section, the Board may, in addition to or in substitution for the publication of any tariff required by this section, by regulation or otherwise, determine and prescribe the manner and form in which any such tariff shall be published or kept open by the company for public inspection, and may exempt from any such publication any competitive tariffs, or any joint tariff for traffic carried by any continuous route,

Exemptions.

From Canada.

(*a*) operated by two or more companies, whether Canadian or foreign, from a point in Canada through a foreign country into Canada, or from any point in Canada to a foreign country; or

From foreign countries.

(*b*) owned or operated by any two or more companies, whether Canadian or foreign, from any point in a foreign country into Canada, or from a foreign country through Canada into a foreign country. 1919, c. 68, s. 342.

*Presumption as to Legal Tolls.*

Tariff.

**343.** If the company files with the Board any tariff and such tariff comes into force and is not disallowed by the Board under this Act, or if the company participates in any such tariff, the tolls under such tariff while so in force shall, in any prosecution under this Act, as against such company, its officers, agents or employees, be conclusively deemed to be the legal tolls chargeable by such company. 1919, c. 68, s. 343.

Presumed legal as against company.

*Special Rates for Specific Shipments.*

Regulations permitting.

**344.** Notwithstanding anything in this Act, the Board may make regulations permitting the company to issue special rate notices prescribing tolls, lower than the tolls in force upon the railway, to be charged for specific shipments between points upon the railway, not being competitive points, if it considers that the charging of the special tolls mentioned in any such notices will help to create trade, or develop the business of the company, or be in the public interest, and not otherwise contrary to the provisions of this Act.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120425



Notice to be filed with Board.

2. Every such special rate notice, or a duplicate copy thereof, shall be filed with the Board, and shall exist merely for the purpose of giving effect to the special rate charged for the specific shipment mentioned therein. 1919, c. 68, s. 344.

*Reduced Rates and Free Transportation.*

For Government, charity, expositions, etc.

**345.** Nothing in this Act shall be construed to prevent (*a*) the carriage, storage or handling of traffic, free or at reduced rates, for the Dominion, or for any provincial or municipal government, or for charitable purposes, or to or from fairs and expositions for exhibition thereat, or the carriage, free or at reduced rates, of destitute or homeless persons, transported by charitable societies, and the necessary agencies employed in such transportation, or the carriage at one-half the regular single fare of ministers of religion or persons exclusively engaged in charitable, religious, or eleemosynary work;

Special tickets, immigrants, commercial travellers.

(*b*) the issuing of mileage, excursion or commutation passenger tickets, or the carriage at reduced rates, of immigrants or settlers and their goods or effects, or any member of any organized association of commercial travellers with his baggage;

Railway employees, M.P.P's, press, etc.

(*c*) railways from giving free carriage or reduced rates to their own directors, officers, agents and employees, or their families, or to former employees of any railway, or for their goods and effects, or between points within the province to members of the provincial legislatures or to members of the press, or to members of the Interstate Commerce Commission of the United States and the officers and staff of such commission, and for their baggage and equipment, or to dependent members of the families of members of the Senate and House of Commons of Canada, and members of the Board and such officers and staff of the Board as the Board may determine, and for their baggage, or to such other persons as the Board may approve or permit; or

Exchanging passes, etc.

(*d*) railways or transportation companies from exchanging passes or free tickets with other railways or transportation companies for their officers, agents and employees and their families, goods and effects, or from issuing passes or free tickets to officers and employees of the Department of Railways and Canals, or their families, and their goods and effects, or a similar interchange of passes, or franks with or by telegraph, telephone and cable companies;



120426



(*e*) railways from giving free carriage to the Governor General, and staff, and families, and baggage and equipment: Governor General.

Board may regulate carriage of traffic and prescribe forms, records and returns under this section.

Provided that the carriage of traffic by the company under this section may, in any particular case, or by general regulation, be extended, restricted, limited or qualified by the Board, and the Board, in or by any order or by general regulation, may prescribe the forms to be issued or used by the company for the carriage of traffic at free or reduced rates under this Act, and the terms and conditions applicable thereto, and the records to be kept by the company of all such traffic carried and of all passes, free and reduced rate transportation issued or given by the company, and shall require the making of periodical returns duly verified by affidavit to the Board in respect thereof; and it shall be the duty of the Board to examine such returns with a view to seeing that the law has been observed.

Commutation tickets.

2. Whenever the Board sees fit it may require the company to grant and issue commutation tickets at such rates and on such terms as the Board may order. 1919, c. 68, s. 345.

Members of Parliament and Board etc., free.

**346.** Members of the Senate and House of Commons of Canada, with their baggage, and members of the Board and such officers and staff of the Board as the Board may determine, with their baggage and equipment, shall, on production of cards, certifying their membership or right, which shall be furnished them by the Clerk of the Senate or the Clerk of the House of Commons or the Secretary of the Board, as the case may be, be entitled to free transportation on any of the trains of the company; and the company shall also, when required, haul free of charge any car provided for the use of the Board. 1919, c. 68, s. 346.

No free passes, except as above provided.

**347.** Subject to the provisions of the two last preceding sections of this Act, no company shall hereafter, directly or indirectly, issue or give any free ticket or free pass, whether for a specific journey or periodical or annual pass, and no company shall otherwise arrange for or permit the transportation of passengers except on payment of the fares properly chargeable for such transportation under the tariffs filed under the provisions of this Act, and at the time in effect: Provided that nothing in this Act shall affect the furnishing of free transportation where such is specifically required by any other public general Act of the Parliament of Canada. 1919, c. 68, s. 347.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120427



*Contracts, etc., Limiting Carriers' Liability.*

Contracts, etc., impairing carriers' liability.

**348.** No contract, condition, by-law, regulation, declaration or notice made or given by the company, impairing, restricting or limiting its liability in respect of the carriage of any traffic, shall, except as hereinafter provided, relieve the company from such liability, unless such class of contract, condition, by-law, regulation, declaration or notice has been first authorized or approved by order or regulation of the Board.

Power of Board.

2. The Board may, in any case, or by regulation, determine the extent to which the liability of the company may be so impaired, restricted or limited.

Board may prescribe terms.

3. The Board may by regulation prescribe the terms and conditions under which any traffic may be carried by the company.

Bills of lading to be in French and English in Quebec.

4. Railway companies shall print in both the English and French languages the bills of lading that are to be used along their lines within the limits of the province of Quebec. 1919, c. 68, s. 348.

*Carrying Dangerous Commodities.*

Dangerous goods.

**349.** No passenger shall carry, nor except in conformity with any order or regulation made by the Board in that behalf, shall the company be required to carry upon its railway, gunpowder, dynamite, nitroglycerine, or any other goods which are of a dangerous or explosive nature.

Nature must be marked outside.

2. Every person who sends by the railway any such goods shall distinctly mark their nature on the outside of the package containing the same, and otherwise give notice in writing to the station agent or employee of the company whose duty it is to receive such goods and to whom the same are delivered. 1919, c. 68, s. 349.

Carrying regulated by Board.

**350.** The company shall not carry any goods of an explosive or dangerous nature except in conformity with the regulations made by the Board in that behalf.

Suspected parcels.

2. The company may refuse to take, except in conformity with any order or regulation made by the Board in that behalf, any package or parcel which it suspects to contain goods of an explosive or dangerous nature, or may require the same to be opened to ascertain the fact. 1919, c. 68, s. 350.

*Carrying His Majesty's Mail and Forces.*

Carriage of mails, troops, equipment, etc.

**351.** His Majesty's mail, His Majesty's naval or military forces or militia, and all artillery, ammunition, provisions or other stores for their use, and all policemen, constables or others travelling on His Majesty's service,



R.S., 1927.

120428



shall, at all times, when required by the Postmaster General of Canada, the Minister or Deputy Minister of National Defence, or any person having the superintendence and command of any police force, respectively, be carried on the railway, and with the whole resources of the company if required, on such terms and conditions and under such regulations as the Governor in Council makes. 1919, c. 68, s. 351.

Regulations.

*Checking Passengers' Baggage.*

Company to affix checks.

**352.** A check shall be affixed by the company to every parcel of baggage, having a handle, loop or suitable means for attaching a check thereupon, delivered by a passenger to the company for transport; and a duplicte of such check shall be given to the passenger delivering the same.

Excess baggage.

2. In the case of excess baggage the company shall be entitled to collect from the passenger, before affixing any such check, the toll authorized under this Act. 1919, c. 68, s. 352.

*Passenger Employees to wear Badges.*

Not entitled to exercise office without badge.

**353.** Every employee of the company employed in a passenger train or at a passenger station shall wear upon his hat or cap a badge which shall indicate his office, and he shall not, without such badge, be entitled to demand or receive from any passenger any fare or ticket, or to exercise any of the powers of his office, or to interfere with any passenger or his baggage or property. 1919, c. 68, s. 353.

*Passengers refusing to pay Fare.*

Expulsion.

**354.** Every passenger who refuses to pay his fare or produce and deliver up his ticket upon the request of the conductor may, by the conductor of the train and the train servants of the company, be expelled from and put out of the train, with his baggage, at any usual stopping place: Provided that the conductor shall first stop the train and use no unnecessary force. 1919, c. 68, s. 354.

*Collection of Tolls.*

May be enforced in any court.

**355.** In case of refusal or neglect of payment on demand of any lawful tolls, or any part thereof, the same shall be recoverable in any court of competent jurisdiction. 1919, c. 68, s. 355.

Seizure and sale of goods subject to tolls.

**356.** The company may, instead of proceeding as aforesaid for the recovery of such tolls, seize the goods for or in respect whereof such tolls are payable, and may



R.S., 1927.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120429



detain the same until payment thereof, and in the meantime the said goods shall be at the risk of the owners thereof.

Sale of goods.

2. If the tolls are not paid within six weeks, and, where the goods are perishable goods, if the tolls are not paid upon demand, or such goods are liable to perish while in the possession of the company by reason of delay in payment or taking delivery by the consignee, the company may advertise and sell the whole or any part of such goods, and, out of the money arising from such sale, retain the tolls payable and all reasonable charges and expenses of such seizure, detention and sale.

Application of proceeds.

Surplus.

3. The company shall pay or deliver the surplus, if any, or such of the goods as remain unsold, to the person entitled thereto and may recover the deficiency, if any, by action in any court of competent jurisdiction. 1919, c. 68, s. 356.

Unclaimed goods.

**357.** If any goods remain in possession of the company unclaimed for the space of twelve months, the company may thereafter, and on giving public notice thereof by advertisement for six weeks in the official gazette of the province in which such goods are, and in such other newspapers as it deems necessary, sell such goods by public auction, at a time and place which shall be mentioned in such advertisement, and, out of the proceeds thereof, pay such tolls and all reasonable charges for storing, advertising and selling such goods.

Sale.

Proceeds.

Balance.

2. The balance of the proceeds, if any, shall be kept by the company for a further period of three months, to be paid over to any person entitled thereto.

If unclaimed.

3. In default of such balance being claimed before the expiration of the period last aforesaid, the same shall be deposited with the Minister of Finance for the public uses of Canada.

Limitation of time for claim.

4. Such balance may be claimed by the person entitled thereto at any time within six years from the date of such deposit. 1919, c. 68, s. 357.

*Traffic by Water.*

When Act applies to.

**358.** The provisions of this Act shall, in respect of tolls, tariffs and joint tariffs, so far as deemed applicable by the Board, extend and apply to the traffic carried by any railway company by sea or by inland water, between any ports or places in Canada, if the company owns, charters, uses, maintains or works, or is a party to any arrangement for using, maintaining or working vessels for carrying traffic by sea or by inland water between any such ports or places. 1919, c. 68, s. 358.



120430



*Tolls and Traffic on Bridges and Tunnels.*

Provisions apply to:

**359.** The provisions of this Act in respect of tolls, tariffs and traffic shall, in so far as the Board deems them applicable, extend and apply to

Bridge or tunnel company;

(*a*) any company which has power under any Special Act to construct, maintain and operate any bridge or tunnel for railway purposes, or for railway and traffic purposes, and to charge tolls for traffic carried over, upon or through such structure by any railway; and

Traffic.

(*b*) the traffic so carried over, upon or through such structure. 1919, c. 68, s. 359.

EXPRESS BUSINESS.

*Express Tolls and Tariffs.*

Approval of tolls.

**360.** All express tolls shall be subject to the approval of the Board.

Powers of Board.

2. The Board may disallow any express tariff or any portion thereof which it considers unjust or unreasonable, and shall have and may exercise all such powers with respect to express tolls and such tariffs as it has or may exercise under this Act with respect to freight tolls and freight tariffs; and all the provisions of this Act applicable to freight tolls and freight tariffs, in so far as such provisions are applicable and not inconsistent with the provisions of this section and the five next following sections, shall apply to express tolls and tariffs. 1919, c. 68, s. 360.

Application of Act.

Tariff of tolls.

**361.** Tariffs of such express tolls shall be filed with the Board and shall be in such form, size and style and give such information, particulars and details as the Board, from time to time, by regulation or by order in any particular case, prescribes. 1919, c. 68, s. 361.

Goods not to be carried until tariff is filed, or after disallowance.

**362.** No company shall carry or transport any goods by express, unless and until the tariff of express tolls therefor or in connection therewith has been submitted to and filed with the Board in the manner hereinbefore provided; or in the case of competitive tariffs, unless such tariffs are filed in accordance with the rules and regulations of the Board made in relation thereto; or in any case where such express toll in any tariff has been disallowed or suspended by the Board. 1919, c. 68, s. 362.

Tolls not to be charged until filed and approved.

**363.** No express toll shall be charged in respect of which there is default in such filing, or which is disallowed or suspended by the Board. 1919, c. 68, s. 363.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120431



*Board may define Carriage by Express.*

Board may define carriage by express.

**364.** The Board may by regulation, or in any particular case, prescribe what is carriage or transportation of goods by express, or whether goods are carried or transported by express within the meaning of this Act, and may order that all such goods as the Board may think proper shall be carried by express. 1919, c. 68, s. 364.

*Contracts Limiting Liability of Express Companies.*

Conditions limiting liability to be approved by Board.

**365.** No contract, condition, by-law, regulation, declaration or notice made or given by any company or any person or corporation charging express tolls impairing, restricting or limiting the liability of such company, person or corporation with respect to the collecting, receiving, caring for or handling of any goods for the purpose of sending, carrying or transporting them by express, or for or in connection with the sending, carrying, transporting or delivery by express of any goods, shall have any force or effect unless first approved by order or regulation of the Board.

Regulation of carriage by express.

2. The Board may in any case or by regulation

(*a*) determine the extent to which the liability of such company, person or corporation may be so impaired, restricted or limited; and

(*b*) prescribe the terms and conditions under which goods may be collected, received, cared for or handled for the purpose of sending, carrying or transporting them by express, or under which goods may be sent, carried, transported or delivered by express by any such company, person or corporation. 1919, c. 68, s. 365.

*Returns by Companies Charging Express Tolls.*

Annual return by company.

**366.** Every company and every person and corporation charging express tolls shall make to the Board an annual return of its capital, business and working expenditure, and such other information and particulars, including a statement of unclaimed goods, as the Board directs.

Form, etc., of return.

2. Such return shall be made in such form, covering such period, and at such time, and shall be published in such manner, as the Board from time to time directs. 1919, c. 68, s. 366.

TELEGRAPHS, TELEPHONES, POWER AND ELECTRICITY.

*Telegraphs and Telephones on Railway for Railway Purposes.*

Telegraph and telephone lines.

**367.** The railway company may, as incidental to and as part of its undertaking, construct and operate telegraph and telephone lines upon its railway for the purposes of its undertaking.



120432



Arrangements with other companies.

2. The railway company may, for the purpose of operating such lines or exchanging and transmitting messages, enter into contracts with any companies having telegraph or telephone powers, and may connect its own lines with the lines of any such companies, or may lease its own lines to any such companies.

Part II of Telegraphs Act to apply.

3. Part II of the Telegraphs Act shall apply to the telegraphic business of the railway company. 1919, c. 68, s. 367.

*Special Powers of Railway Companies.*

Electric and other power.

**368.** Whenever in any Special Act passed after the seventh day of July, one thousand nine hundred and nineteen, it is stated or provided that a railway company shall have power to acquire, transmit and distribute electric and other power or energy, such company, subject to the provisions of this Act, may for the purposes of its undertaking acquire, but not by expropriation, electric and other power or energy, and transmit and deliver the same to any place in the municipalities through which the railway is built, and receive, transform, transmit, distribute and supply such power or energy in any form; and may dispose of the surplus thereof, and collect rates and charges therefor, but no such rate or charge shall be demanded or taken until it has been approved of by the Board, and the Board may revise such rates and charges whenever it deems proper. 1919, c. 68, s. 368.

Telegraphs and telephones.

**369.** Whenever in any Special Act passed after the seventh day of July, one thousand nine hundred and nineteen, it is stated or provided that a railway company shall have power to transmit telegraph and telephone messages for the public and collect tolls therefor, such company may, subject to the provisions of this Act, construct and operate telegraph and telephone lines upon its railway, and establish offices for and undertake the transmission of messages for the public, and collect tolls therefor; and for the purpose of operating such lines or exchanging or transmitting messages, may, subject to the provisions of this Act, enter into contracts with any companies having telegraph or telephone powers and may connect its own lines with the lines of, or may lease its own lines to, any such companies.

Tolls subject to Act.

2. No toll or charge shall be demanded or taken for the transmission of any message or for leasing or using the telegraphs or telephones of such company except in accordance with section three hundred and seventy-six of this Act, and the said company and its said business and works



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120433



works shall in all respects be subject to the provisions of the said section.

Part II of Telegraph Act to apply.

3. Part II of the Telegraphs Act, except such portions thereof as are inconsistent with this Act, shall apply to the telegraphic business of such company. 1919, c. 68, s. 369.

Control of municipality.

**370.** No power conferred as in the last two preceding sections mentioned and nothing in the said sections or in the Telegraphs Act, shall authorize such company to construct or operate any line along any highway or public place, without first obtaining the consent, expressed by by-law, of the municipality having jurisdiction over such highway or public place, nor without complying with any terms stated or provided for in such by-law, or authorize such company to sell, dispose of or distribute power or energy within or for use within the limits of any municipality, without the consent, expressed by by-law, of such municipality. 1919, c. 68, s. 370.

*Telephone Connection with Railway Stations.*

Municipal and other systems, connection with stations, etc.

**371.** Whenever any province, municipality, corporation or incorporated company has authority to construct, operate and maintain a telephonic system in any district, and is desirous of obtaining telephonic connection or communication with or within any station or premises of a railway company in such district, and cannot agree with such company with respect thereto, such province, municipality, corporation or incorporated company may apply to the Board for leave therefor.

Board may order upon terms.

2. The Board may also upon the application of any interested party authorize any telephone company operated by any province, municipality or incorporated company to instal at its own expense telephone connection with any station of the company, the annual charge, if any, to be paid by the company for such service and all other terms or conditions connected therewith to be such as the Board may determine, having regard to all local conditions, but in no case is such charge to exceed the customary local rate.

Contracts giving exclusive privileges not to be taken into consideration.

3. Notwithstanding anything in any Act contained, the Board, in determining the terms or compensation upon which any such connection or communication is to be provided for, shall not take into consideration any contract, lease or agreement now or hereafter in force by which the railway company has given or gives any exclusive or other privilege to any company or person, other than the applicant, with respect to any such station or premises. 1919, c. 68, s. 371.



120434



*Putting Wires Across Railways or Other Wires.*

Leave of Board.

**372.** Lines, wires, other conductors, or other structures or appliances for telegraphic or telephonic purposes, or for the conveyance of power or electricity for other purposes, shall not, without leave of the Board, except as provided in subsection five of this section, be constructed or maintained

(*a*) along or across a railway, by any company other than the railway company owning or controlling the railway; or

(*b*) across or near other such lines, wires, conductors, structures or appliances, which are within the legislative authority of the Parliament of Canada.

Plans to be submitted.

2. Upon any application for such leave, the applicant shall submit to the Board a plan and profile of the part of the railway or other work proposed to be affected, showing the proposed location and the proposed works.

Powers of Board.

3. The Board may grant the application and may order the extent to which, by whom, how, when, on what terms and conditions, and under what supervision, the proposed works may be executed.

Authority for works.

4. Upon such order being made the proposed works may be constructed and maintained subject to and in accordance with such order.

When leave not required.

5. Leave of the Board under this section shall not be necessary for the exercise of the powers of a railway company under section three hundred and sixty-seven of this Act, nor for the maintenance of works now authorized, nor when works have been or are to be constructed or maintained by consent and in accordance with any general orders, regulations, plans or specifications adopted or approved by the Board for such purposes. 1919, c. 68, s, 372.

*Putting Lines or Wires Across or Along Highways, etc.*

Lines and wires on highways and public places.

**373.** Subject to the provisions of this section, any company empowered by Special Act or other authority of the Parliament of Canada to construct, operate and maintain telegraph or telephone lines, may, for the purpose of exercising the said powers, enter upon, and, as often as the company thinks proper, break up and open any highway, square or other public place, provided always that

Conditions.

Travel and access.

(*a*) such company shall not interfere with the public right of travel, or in any way obstruct the entrance to any door or gateway or free access to any building;

Height of wires.

(*b*) in cities, towns and incorporated or police villages such company shall not permit any wire to be less than twenty-two feet, or less than any greater height which the Board may direct, above such highway or public place; nor shall it in any municipality permit



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120435



any wire which crosses any highway or public place to be less than eighteen feet, or less than any greater height the Board may direct, above such highway or public place; nor shall it permit any wire which crosses or is adjacent to any private way, entrance or lane used for vehicular traffic to be less than seventeen feet or less than any greater height the Board may direct above such private way, entrance or lane; or erect more than one line of poles along any highway;

Poles. (*c*) all poles shall be as nearly as possible straight and perpendicular, and shall, in cities and towns, be painted;

Trees. (*d*) such company shall not unnecessarily nor without giving at least ten days previous notice to the owner thereof or to the municipality, nor in any case where forbidden by the Board, cut down or mutilate any shade, fruit or ornamental trees, but the Board may when it deems proper dispense with such notice and may in any case make any order or direction it deems fit respecting such trees;

Supervision. (*e*) the opening up of any street, square, or other public place for the erection of poles, or for the carrying of wires under ground, shall be subject to the supervision of such persons as the municipal council may appoint, and such street, square or other public place shall,

Restoration. without any unnecessary delay, be restored, as far as possible, to its former condition;

Where necessary to cut wires or remove poles. (*f*) if for the purpose of removing buildings, or in the exercise of the public right of travel, it is necessary that the said wires or poles be temporarily removed by cutting or otherwise, such company shall, at its own expense, upon reasonable notice in writing from any person requiring it, remove such wires and poles; and in default of such company so doing such person may remove such wires and poles at the expense of such company;

Damage. (*g*) such company shall be responsible for all unnecessary damage which it causes in carrying out, maintaining or operating any of its said works;

Wires cut in case of fire. (*h*) such company shall not be entitled to damages on account of its poles or wires being cut by direction of the officer in charge of the fire brigade at any fire, if, in the opinion of such officer, it is advisable that such poles or wires be cut;

Workmen to wear badges. (*i*) every person employed upon the work of erecting or repairing any line or instrument of such company shall have conspicuously attached to his dress a badge, on which are legibly inscribed the name of such company and a number by which he can be readily identified.



120436



Consent of municipality. 2. Notwithstanding anything in any Act of the Parliament of Canada or of the legislature of any province, or any power or authority heretofore or hereafter conferred thereby or derived therefrom, no telegraph or telephone line, within the legislative authority of the Parliament of Canada, shall except as hereinafter in this section provided, be constructed by any company upon, along or across any highway, square or other public place, without the legal consent of the municipality having jurisdiction over such highway, square or public place.

Leave of Board. 3. If any company cannot, in respect of any such line, obtain such consent from such municipality, or cannot obtain such consent otherwise than subject to terms and conditions not acceptable to the company, such company may apply to the Board for leave to exercise such powers, and upon such application shall submit to the Board a plan of such highway, square or other public place showing the proposed location of such lines, wires and poles.

Powers of Board. 4. The Board may refuse or may grant such application in whole or in part, and may change or fix the route of such lines, wires or poles, and may by order impose any terms, conditions or limitations in respect of the application which it deems expedient, having due regard to all proper interests.

Exercise of powers. 5. Upon such order being made, and subject to any terms imposed by the Board, such company may exercise such powers in accordance with such order, and shall in the performance and execution thereof, or in the repairing, renewing or maintaining of such lines, wires or poles, conform to and be subject to the provisions of subsection one of this section, except in so far as the said provisions are expressly varied by order of the Board.

Putting wires underground, etc. 6. Notwithstanding any power or authority heretofore or hereafter conferred upon any company by or under any Act of the Parliament of Canada, or of the legislature of any province, or any other authority, the Board, upon the application of the municipality, and upon such terms and conditions as the Board may prescribe, may order any telegraph or telephone line, within the legislative authority of the Parliament of Canada, in any city or town, or any portion thereof, to be placed underground, and may in any case order any extension or change in the location of any such line in any city or town, or any portion thereof, and the construction of any new line, and may abrogate the right of any such company to construct or maintain, or to operate, or continue, any such line, or any pole or other works belonging thereto, except as directed by the Board; and where such a line or lines within the legislative authority of the Parliament of Canada and such a line or

Joint order of Board and provincial commission.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120437



lines within the legislative authority of a province, run through or into the same city or town, and such municipality is desirous of having any such lines placed underground, and there exists in such province a provincial commission, public utilities or other board or body having power to order such a line within the legislative authority of such province to be placed underground, the Board and such provincial commission, or public utilities board or body, may by joint session or conference, or by joint board, order any such lines within such city or town, or any portion thereof, to be placed underground, and abrogate any right to carry the same on poles, and the provisions of subsection three of section two hundred and fifty-three of this Act, with the necessary adaptation, shall apply to every such case.

Existing lines.

7. Except as provided in the last preceding subsection, nothing in this section shall affect the right of any telegraph or telephone company to operate, maintain, renew or reconstruct underground or overhead systems or lines, heretofore constructed.

Provisions in special Acts, etc.

8. Nothing in this section shall authorize, or give power to authorize, any company to construct or operate any line or works along any highway or public place without the consent of the municipality having jurisdiction thereover in any case where

(*a*) the Special Act applying to such company requires such consent; or

(*b*) the provisions of section three hundred and sixty-eight, three hundred and sixty-nine or three hundred and seventy apply to such company and require such consent;

and where such consent is so required the provisions respecting the same shall be complied with. 1919, c. 68, s. 373.

*Price and Supply of Certain Power.*

In disputes between lessee of water-power and applicant for electricity Board may fix price.

**374.** In any case where water-power has been acquired under lease from the Crown for the development of electrical energy, and the lessee from the Crown of such water-power and the applicant for the purchase of electrical energy so developed cannot agree as to the quantity to be sold by the lessee to the applicant, and the price to be paid by the applicant to the lessee for such quantity, or either, as the case may be, the Board shall determine and fix the quantity and the price to be paid therefor, or either, as the case may be, and the lessee shall sell, supply and furnish, if the applicant shall then require it, such quantity, and at the price so determined and fixed, as the case may be.



120438



Powers of Board for such purpose.

2. For the purpose of determining and fixing such quantity or such price, the Board may enter on and inspect the property leased from the Crown and all erections and machinery thereon, and may examine all papers, documents, vouchers, records and books of every kind, and may order and require the lessee and any other person to attend before the Board and be examined on oath and to produce all papers, documents, vouchers, records and books of every kind; and for the purpose aforesaid, the Board shall have all such powers, rights and privileges as are vested in a superior court.

Application of section limited.

3. This section shall not apply to any case where the water-power leased from the Crown, has been acquired for, and is used in the development of electrical energy for the direct and immediate industrial or manufacturing operations of the lessee. 1919, c. 68, s. 374.

*Provisions Governing Telegraphs and Telephones.*

Interpretation.

**375.** In this section, unless the context otherwise requires,

"Company."

(*a*) "company" means a railway company or person authorized to construct or operate a railway, having authority to construct or operate a telegraph or telephone system or line, and to charge telegraph or telephone tolls, and includes also telegraph and telephone companies and every company and person within the legislative authority of the Parliament of Canada having power to construct or operate a telegraph or telephone system or line and to charge telegraph or telephone tolls;

"Special Act."

(*b*) "Special Act" means any Act under which the company has authority to construct or operate a telegraph or telephone system or line, or which is enacted with special reference to any such system or line, and any letters patent constituting a company's authority to construct or operate a telegraph or telephone system or line, granted under any Act, and the Act under which such letters patent were granted, and includes the Telegraphs Act and any general Act relating to telegraphs or telephones.

Tolls subject to approval.

2. Notwithstanding anything in any Act passed before the seventh day of July, one thousand nine hundred and nineteen, all telegraph and telephone tolls to be charged by the company, and all charges for leasing or using the telegraphs or telephones of the company, shall be subject to the approval of the Board, and may be revised by the Board from time to time: Provided that the provisions of this subsection shall not apply to the use of telegraph or telephone wires where no toll is charged to the public.

Exception private wires.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120439



Filing of tariffs.

3. The company shall file with the Board tariffs of any telegraph or telephone tolls to be charged, and such tariffs shall be in such form, size and style, and give such information, particulars and details, as the Board, from time to time, by regulation, or in any particular case, prescribes, and unless with the approval of the Board, the company shall not charge and shall not be entitled to charge any telegraph or telephone toll in respect of which there is default in such filing, or which is disallowed by the Board:

Proviso.

Provided that any company, previous to the first day of May, one thousand nine hundred and eight, charging telegraph or telephone tolls, may, without such filing and approval, for such period as the Board allows, charge such telegraph or telephone tolls as such company was immediately previous to the said date authorized by law to charge, unless where the Board has disallowed or disallows such tolls.

Provisions applying to tolls.

4. Such telegraph and telephone tolls may be dealt with by the Board in the same manner as is provided by this Act with respect to standard freight tariffs, and all the provisions of this Act, except as to publication under section three hundred and forty-two applicable to companies thereunder with respect to standard freight tariffs and tolls, shall in so far as they are applicable, and not inconsistent with the provisions of this section, apply to the company with respect to such telegraph and telephone tariffs and tolls.

Classification of messages.

5. The Board may permit the classification of telegraph, telephone and cable messages into such classes as it deems just and reasonable, and may permit different rates to be charged for such different classes.

Publication of tariffs.

6. The Board may, by regulation or otherwise, determine and prescribe the manner and form in which any tariff or tariffs of telegraph or telephone tolls shall be published or kept open for public inspection.

Connections with other systems, power of Board to order.

7. Whenever any company or any province, municipality or corporation, having authority to construct and operate, or to operate, a telephone system or line and to charge telephone tolls, whether such authority is derived from the Parliament of Canada or otherwise, is desirous of using any telephone system or line owned, controlled or operated by the company, in order to connect such telephone system or line with the telephone system or line operated or to be operated by such first mentioned company, or by such province, municipality or corporation for the purpose of obtaining direct communication, whenever required, between any telephone or telephone exchange on the one telephone system or line and any telephone or telephone exchange on the other telephone system or line,



120440



and cannot agree with the company with respect to obtaining such use, connection or communication, such first mentioned company or province, municipality or corporation may apply to the Board for relief, and the Board may order the company to provide for such use, connection or communication, upon such terms, including compensation if any, as the Board deems just and expedient, and may order and direct how, when, where, by whom, and upon what terms and conditions such use, connection, or communication shall be had, constructed, installed, operated and maintained.

Local conversations over competing systems.

8. No order made under the next preceding subsection shall apply to the interchange of local conversations between persons using the telephones of two competing systems or lines where such systems or lines terminate upon switch-boards located within the municipal limits of the same city, town or village, except in the case of rural party line telephones in non-competitive areas, and then only when the Board deems such interchange to be desirable and practicable.

Standards of apparatus to be considered.

9. Upon any such application the Board shall, in addition to any other consideration affecting the case, take into consideration the standards, as to efficiency and otherwise, of the apparatus and appliances of such telephone systems or lines, and shall only grant the leave applied for in case and in so far as, in view of such standards, the use, connection or communication applied for can, in the opinion of the Board, be made or exercised satisfactorily and without undue or unreasonable injury to or interference with the telephone business of the company, and where in all the circumstances it seems just and reasonable to grant the same.

Application of provisions as to joint tariff.

10. Where the telephone system or line operated by the company is used or connected, for purposes of communication as aforesaid, with the telephone system or line operated by any other company or by any such province, municipality or corporation, whether the authority of such company, province, municipality or corporation to construct and operate or to operate such telephone system or line is derived from the Parliament of Canada or otherwise, and whether such connection or communication has been previously or is hereafter established either by agreement of the parties or under an order of the Board, the provisions of this Act with respect to joint tariffs, in so far as they are applicable and not inconsistent with this section or the Special Act, shall apply to such company or companies and to such province, municipality or corporation; and the Board shall have, for the enforcement of its orders in this respect, in addition to all other powers possessed by it

Enforcement of orders.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120441



therefor, the power to order a discontinuance of such connection or communication between such different telephone systems or lines.

Working agreements to be approved by Board.

11. All contracts, agreements and arrangements between the company and any other company, or any province, municipality or corporation having authority to construct or operate a telegraph or telephone system or line, whether such authority is derived from the Parliament of Canada or otherwise, for the regulation and interchange of telegraph or telephone messages or service passing to and from their respective telegraph or telephone systems and lines, or for the division or apportionment of telegraph or telephone tolls, or generally in relation to the management, working or operation of their respective telegraph or telephone systems or lines, or any of them, or any part thereof, or of any other systems or lines operated in connection with them or either of them, shall be subject to the approval of the Board, and shall be submitted to and approved by the Board before such contract, agreement or arrangement shall have any force or effect.

Application of provisions of Act.

12. Without limitation of the generality of this subsection by anything contained in the preceding subsections, the jurisdiction and powers of the Board, and, in so far as reasonably applicable and not inconsistent with this section or the Special Act, the provisions of this Act respecting such jurisdiction and powers, and respecting proceedings before the Board and appeals to the Supreme Court or Governor in Council from the Board, and respecting offences and penalties, and the other provisions of this Act, except sections seventy-two to two hundred and seventy, two hundred and seventy-two to two hundred and eighty-two, two hundred and eighty-seven to three hundred and thirteen, three hundred and twenty-three, three hundred and forty-nine to three hundred and fifty-four, three hundred and sixty to three hundred and sixty-six, three hundred and ninety-four to four hundred and twenty-four, and four hundred and forty-nine to four hundred and fifty-seven, both inclusive in each case, shall extend and apply to all companies as in this section defined, and to all telegraph and telephone systems, lines and business of such companies within the legislative authority of the Parliament of Canada; and in and for the purposes of such application

Interpretation. "Company." "Railway."

(*a*) "company" or "railway company" shall mean a company as in subsection one of this section defined;

(*b*) "railway" shall mean all property real and personal and works forming part of or connected with the telegraph or telephone system or line of the company;



120442



(*c*) "Special Act" shall mean a Special Act as in subsection one of this section defined; "Special Act."

(*d*) "toll" or "rate" shall mean telegraph or telephone toll; "Toll." "Rate."

(*e*) "traffic" shall mean the transmission of and other dealings with telegraphic and telephonic messages. 1919, c. 68, s. 375. "Traffic."

*Marine Electric Telegraphs or Cables.*

Marine telegraphs and cables, when Act to apply to.

**376.** After this section is brought into effect, the last preceding section of this Act shall extend and apply to marine electric telegraphs or cables; and

(*a*) "telegraph" in the said section, unless the context otherwise requires, shall include marine electric telegraph or cable; "Telegraph."

(*b*) "telegraph toll" in the said section, unless the context otherwise requires, shall include any toll, rate or charge to be charged by the company to the public or to any person for the transmission of messages by any marine electric telegraph or cable system whereby messages are transmitted from, to or through Canada; "Telegraph toll."

(*c*) "traffic" in the interpretation provided for by subsection twelve of the said section, and as the application of the said section is extended by the coming into force of this section, shall include messages transmitted from Canada to any other country by means of any marine electric telegraph or cable line; or to Canada from any other country by the like or similar means; or through, or into, or from any part of Canada by means of any marine electric telegraph or cable lines acting in conjunction with land lines or by land lines acting in conjunction with marine electric telegraph or cable lines, by means of a through route or otherwise. "Traffic."

Four months to obtain approval of tariffs.

2. Every company to which this section applies shall have four months after this section comes into force within which to file and obtain approval of its tariffs and tolls; but the Board may, upon application and upon good and sufficient ground being shown, extend such time to a period not exceeding one year, including the said four months.

Coming into force.

3. This section shall come into force upon similar provision being made by the proper authority in Great Britain, and upon proclamation of the Governor in Council. 1919, c. 68, s. 376.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120443



*Government Use and Construction of Telegraphs and Telephones.*

Government may have exclusive use.

**377.** Every railway, telegraph and telephone company shall, when required so to do by the Governor in Council, or any person authorized by him, place at the exclusive use of the Government of Canada any electric telegraph and telephone lines, and any apparatus and operators which it has.

Compensation.

2. Such company shall thereafter be entitled to receive reasonable compensation for such service. 1919, c. 68, s. 377.

Government may erect wires on railway.

**378.** The Governor in Council may, at any time, cause a line or lines of electric telegraph or telephone to be constructed along the line of any railway, for the use of the Government of Canada, and for that purpose, may enter upon and occupy so much of the lands of the company as is necessary for the purpose. 1919, c. 68, s. 378.

STATISTICS AND RETURNS.

Annual returns.

**379.** Every railway, telegraph, telephone and express company and every carrier by water shall annually prepare returns, in accordance with the forms and classifications for the time being required by the Board, of its capital, traffic and working expenditure and of all other information required.

Attestation.

2. Such returns shall be dated and signed by and attested upon the oath of the secretary, or some other chief officer of the company or carrier by water, and shall also be attested upon the oath of the president, or in his absence, of the vice-president or manager of the company or carrier by water, or shall be signed and attested by such other person or persons as the Board may direct.

Period included.

3. Such returns shall be made for the period beginning from the date to which the then last yearly returns made by the company or carrier by water extend, or if no such returns have been previously made, from the commencement of the operation of the railway, or other works, or undertaking, and ending with the last day of December in the year, or other interval, for which the returns are to be made, or with such other date as the Board may direct.

Duplicate for Dominion Statistician.

4. A duplicate copy of such returns, dated, signed and attested in manner aforesaid, shall be forwarded by such company to the Dominion Statistician within one month after the first day of February in each year, or within one month after any other date directed by the Board under the last preceding subsection. 1919, c. 68, s. 379.



120444



Traffic returns monthly.

**380.** Every railway, telegraph, telephone and express company and every carrier by water, if required by the Board so to do, shall prepare returns of its traffic monthly, that is to say, from the first to the close of the month inclusive.

Form.

2. Such returns shall be in accordance with the forms for the time being required by the Board.

Copy to Statistician.

3. A copy of such returns, signed by the officer of the company or carrier responsible for the correctness of such returns, shall be forwarded by the company or carrier to the Dominion Statistician within seven days from the day to which the said returns have been prepared.

Extension of time.

4. The Board may in any case extend the time within which such returns shall be forwarded. 1919, c. 68, s. 380.

Annual returns of accidents showing—

**381.** Every railway, telegraph, telephone and express company and every carrier by water shall annually, or more frequently if the Board so requires, make to the Board, under the oath of the president, secretary or superintendent of the company, or carrier, or of such other person as the Board may direct, a true and particular return of all accidents and casualties, whether to persons, or to animals or other property, which have occurred on the property or in connection with the operation of the undertaking of the company, or carrier, setting forth

Causes and nature.

(*a*) the causes and nature of such accidents and casualties;

Locality and time.

(*b*) the points at which such accidents and casualties occurred, and whether by night or by day; and

Extent and particulars.

(*c*) the full extent of such accidents and casualties and all the particulars thereof.

Period for which returns made.

2. Such returns shall be made for the period beginning from the date to which the then last yearly returns made by the company or carrier extend, or if no such returns have been previously made, from the commencement of the operation of the railway, or undertaking, and ending with the last day of December in the then current year.

Copies of returns.

3. A duplicate copy of such returns, dated, signed and attested in manner aforesaid, shall be forwarded by such company or carrier to the Dominion Statistician within one month after the first day of February in each year.

Copies of by-laws.

4. Every such company and every carrier by water shall also, when required by the Board return a true copy of the existing by-laws of the company, or carrier, and of its rules and regulations for the management of the company or carrier, and of its railway, or of such other undertaking or business as it is authorized to carry on.

Form.

5. The Board may order and direct the form in which such returns shall be made up. 1919, c. 68, s. 381.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120445



Board may require further returns as to accidents.

**382.** The Board may order and direct any railway company to make up and deliver to the Board, from time to time, in addition to the said periodical returns, returns of serious accidents occurring in the course of the public traffic upon the railway belonging to such company, whether attended with personal injury or not, in such form and manner as the Board deems necessary and requires for their information with a view to public safety. 1919, c. 68, s. 382.

Returns privileged.

**383.** All returns made in pursuance of any of the provisions of the four sections of this Act last preceding shall be privileged communications, and shall not be evidence in any court whatsoever, except in any prosecution for

Exceptions.

(*a*) default in making such returns in accordance with the requirements of this Act;

(*b*) perjury in making any oath required by this Act in connection with such returns;

(*c*) forgery of any such return; or

(*d*) signing any such return knowing the same to be false. 1919, c. 68, s. 383.

*To the Board.*

Board may require returns.

**384.** The Board may, from time to time, by notice served upon any railway, telegraph, telephone or express company or any officer, servant or agent of such company, require it, or such officer, servant or agent, to furnish the Board, at or within any time stated in such notice, a written statement or statements showing in so far, and with such detail and particulars, as the Board requires

Assets and liabilities.

(*a*) the assets and liabilities of such company;

Stock.

(*b*) the amount of its stock issued and outstanding, and the date at which any such stock was so issued;

Consideration for stock.

(*c*) the amount and nature of the consideration received by such company for such issue, and, in case the whole of such consideration was not paid to such company in cash, the nature of the service rendered to or property received by such company for which any stock was issued;

Earnings and expenditures.

(*d*) the gross earnings or receipts or expenditure by such company during any periods specified by the Board, and the purposes for which such expenditure was made;

Bonuses and subsidies.

(*e*) the amount and nature of any bonus, gift, or subsidy, received by such company from any source whatsoever; and the source from which, and the time when, and the circumstances under which, the same was so received or given;

Bonds.

(*f*) the bonds issued at any time by such company, and what portion of the same are outstanding and what portion, if any, have been redeemed;



120446



Consideration.

(*g*) the amount and nature of the consideration received by such company for the issue of such bonds;

Liabilities.

(*h*) the character and extent of any liabilities outstanding chargeable upon the property or undertaking of such company, or any part thereof, and the consideration received by such company for any such liabilities, and the circumstances under which the same were created;

Cost of construction.

(*i*) the cost of construction of such company's railway or other works or any part thereof;

Cost of property.

(*j*) the amount and nature of the consideration paid or given by such company for any property acquired by it;

Leases and contracts.

(*k*) the particulars of any lease, contract or arrangement entered into between such company and any other company or person; and

Generally.

(*l*) generally, the extent, nature, value and particulars of the property, earnings and business of such company.

Board may require attendance and production.

2. The Board may summon, or require the attendance of and examine under oath, any officer, servant or agent of such company, or any other person, as to any matters included in such return, or which were required by notice aforesaid to be returned to the Board, and as to any matter or thing which, in the opinion of the Board, is relevant to such return, or to any inquiry which the Board deems it expedient to make in connection with any of the matters in this section aforesaid; and for such purposes may require the production to the Board of any books or documents in control of such company, or such officer, servant, agent or person.

Information for use of Board only.

3. Any information furnished to the Board by any such return, or any evidence taken by the Board in connection therewith, shall not be open to the public, or published, but shall be for the information of the Board only.

And Governor in Council.

4. The Governor in Council may nevertheless require the Board to communicate to him in Council any or all information obtained by it in the manner aforesaid.

Board may make information public on notice to company.

5. The Board may authorize any part of such information to be made public when, and in so far as, there may appear to the Board to be good and sufficient reasons for so doing: Provided that if the information so proposed to be made public by the Board, is of such character that such company would, in the opinion of the Board, be likely to object to the publication thereof, the Board shall not authorize such information to be published without notice to such company and hearing any objection which such company may make to such publication. 1919, c. 68, s. 384.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120447



ACTIONS FOR DAMAGES.

*Breach of Duty under Act.*

Damages for breach of duty under Act.

**385.** Any company which, or any person who, being a director or officer thereof, or a receiver, trustee, lessee, agent, or otherwise acting for or employed by such company, does, causes or permits to be done, any matter, act or thing contrary to the provisions of this or the Special Act, or to the orders, regulations or directions of the Governor in Council, or of the Minister, or of the Board, made under this Act, or omits to do any matter, act or thing, thereby required to be done on the part of any such company, or person, shall, in addition to being liable to any penalty elsewhere provided, be liable to any person injured by any such act or omission for the full amount of damages sustained thereby, and such damages shall not be subject to any special limitation except as expressly provided for by this or any other Act. 1919, c. 68, s. 385.

*Cattle Getting on Railway.*

Damages where animals get on railway.

**386.** When any horses, sheep, swine or other cattle, whether at large or not, get upon the lands of the company and by reason thereof damage is caused to or by such animal, the person suffering such damage shall be entitled to recover the amount of such damage against the company in any action in any court of competent jurisdiction unless the company establishes that such damage was caused by reason of

Exceptions.

Gates not kept closed.

(*a*) any person for whose use any farm crossing is furnished, or his servant or agent, or the person claiming such damage or his servant or agent, wilfully or negligently failing to keep the gates at each side of the railway closed when not in use; or

Gates wilfully left open.

(*b*) any person other than an officer, agent, employee or contractor of the company wilfully opening and leaving open any gate, on either side of the railway provided for the use of any farm crossing, without some one being at or near such gate to prevent animals from passing through the gate on to the railway; or

Fence taken down.

(*c*) any person other than an officer, agent, employee or contractor of the company taking down any part of a railway fence; or

Animals turned on railway.

(*d*) any person other than an officer, agent, employee or contractor of the company turning any such animal upon or within the enclosure of any railway, except for the purpose of and while crossing the railway in charge of some competent person using all reasonable care and precaution to avoid accidents; or



120448



Animals ridden, etc., on railway.

(*e*) any person other than an officer, agent, employee or contractor of the company, except as authorized by this Act, without the consent of the company, riding, leading or driving any such animal or wilfully suffering the same to enter upon any railway, and within the fences, guards and gates thereof.

Animals killed or injured at highway crossing.

2. Where any such animal, by reason of being at large within half a mile of the intersection of a highway with any railway at rail level contrary to the provisions of section two hundred and seventy-eight, is killed or injured by any train at such point of intersection, the owner of such animal shall not have any right of action against any company in respect of the same being so killed or injured; but contravention of the said section shall not in any other case, nor shall the fact that the company is not guilty of any negligence or breach of duty, prevent any person from recovering damage from the company under this section.

Penalty not affected.

3. Nothing in this section shall be construed as relieving any person from the penalties imposed by section four hundred and six of this Act. 1919, c. 68, s. 386.

*Fires from Locomotives.*

Liability for fire caused by locomotive.

**387.** Whenever damage is caused to any property by a fire started by any railway locomotive, the company operating the railway on which the locomotive is being used, whether guilty of negligence or not, shall be liable for such damage and may be sued for the recovery of the amount of such damage in any court of competent jurisdiction.

If modern appliances have been used.

2. If it be shown that the company has used modern and efficient appliances, and has not otherwise been guilty of any negligence, the total amount of compensation recoverable from the company under this section in respect of any one or more claims for damage from a fire or fires started by the same locomotive and upon the same occasion, shall not exceed five thousand dollars.

Insurance.

3. If there is any insurance existing on the property destroyed or damaged, where the company has used modern and efficient appliances and has not otherwise been guilty of negligence, the total amount of damages sustained by any claimant in respect of the destruction or damage of such property shall, for the purposes of this section, be reduced by the amount received or recoverable by or for the benefit of such claimant in respect of such insurance.

No action.

4. No action shall lie against the company by reason of anything in any such policy of insurance.

Limitation.

5. In any action or proceeding under this section the limitation of two years hereinafter prescribed shall begin to run from the date of final judgment in any action brought by



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120449



by the assured to recover such insurance money, or in the case of settlement, from the date of the receipt of such money by the assured, as the case may be.

*Pro rata* apportionment.

6. Where the amount recoverable from the company is limited to such five thousand dollars and such sum is not sufficient to pay all the claims in full, it shall be apportioned among the claimants *pro rata* according to the claims established.

Determination of claims by judge.

7. Where it is made to appear that the total amount of the claims may exceed the said sum, a judge of any superior court of competent jurisdiction may make such order as he deems fit for the proper determination and adjustment of all such claims and of the liability of the company, and if he deems proper, may stay or consolidate any action or actions, and may direct advertisement for such claims and filing and adjudication thereof in such manner and before such tribunal, officer or person as he deems fit, and may order that after such advertisement or notice as he directs all claims not filed and established as directed shall thereafter be barred; and the costs of any such proceedings shall be paid as such judge directs.

Costs.

Restrictions.

8. Except under or in pursuance of such an order, the company shall not be entitled to have any action under this section stayed or the amount recoverable therein lessened because of the limitation of its liability to five thousand dollars as aforesaid, nor shall any payment made by the company to any claimant otherwise than under or in pursuance of such an order prejudice the right of any other claimant to receive his due proportion of such five thousand dollars.

Exception.

9. Nothing in the last two preceding subsections shall prevent or prejudice any action or claim against the company for failure to use modern and efficient appliances or for other negligence.

Insurable interest in property.

10. The company shall have an insurable interest in all property upon or along its route, for which it may be held liable to compensate the owners for loss or damage by fire caused by a railway locomotive, and may procure insurance thereon in its own behalf. 1919, c. 68, s. 387.

*Failure to Equip Trains Properly.*

Failure to equip trains properly.

**388.** Every company which fails to comply with any requirement of this Act

(*a*) with respect to providing and causing to be used on its trains modern and efficient apparatus, appliances or means, or any apparatus, appliance or means in this Act specified, for the providing of communication between the conductor and the engine driver, or for the checking of the speed of any train or the bringing



R.S., 1927.

120450



of the same expeditiously to a standstill, or for the secure coupling and connecting of the cars and the engine composing the train; or

Box freight cars.

(*b*) with respect to equipping its box freight cars, for the security of its employees, with outside ladders and hand-grips, or if the Board so requires, with any other improved side attachment required by the Board; or

Draw bars

(*c*) with respect to adopting and using upon its rolling stock draw bars of a height determined by the Board;

Penalty.

shall, in addition to being liable to any penalty elsewhere provided, be liable to pay to all such persons as are injured by reason of the non-compliance with such requirements, or to their representatives, such damages as they are legally entitled to, notwithstanding any agreement to the contrary with regard to any such person, unless such agreement is authorized by the law of the province in which it is made and by regulation of the Board. 1919, c. 68, s. 388.

*Infraction of Provision or Order respecting Tolls.*

Infraction of order respecting tolls.

**389.** Every company shall, in addition to any penalty in this Act provided in respect of any infraction by the company, or any officer, servant or agent of the company, of any provision of this Act, or of any order, direction, decision or regulation made or given by the Board under this Act, in respect of tolls, be liable, at the suit of any person injured by reason of any such infraction, to three times the amount of the actual damage which such person may be proved to have sustained.

Triple damages.

No action without leave of Board.

2. No action shall be commenced for the recovery of any such triple damages without the leave of the Board first being obtained. 1919, c. 68, s. 389.

*Injuries on Platform, Baggage or Freight Car.*

No claim for injuries in certain cases.

**390.** No person injured while on the platform of a car, or on any baggage, or freight car, in violation of the printed regulations posted up at the time, shall have any claim in respect of the injury, if room inside of the passenger cars, sufficient for the proper accommodation of the passengers, was furnished at the time. 1919, c. 68, s. 390.

*Limitation and Defences.*

Limitation.

**391.** All actions or suits for indemnity for any damages or injury sustained by reason of the construction or operation of the railway shall, and notwithstanding anything in any Special Act may, be commenced within two years next after the time when such supposed damage is



R.S., 1927.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120451



sustained, or if there is continuation of damage, within two years next after the doing or committing of such damage ceases, and not afterwards.

Exceptions—carriage of traffic, tolls.

2. Nothing in subsection one of this section shall apply to any action brought against the company upon any breach of contract, express or implied, for or relating to the carriage of any traffic, or to any action against the company for damages under the provisions of this Act respecting tolls.

Pleadings.

3. Notwithstanding anything in any Special Act or elsewhere contained, the pleadings in any action or suit against the company shall be governed by the law or rules of procedure of the court in which such action or suit is brought, and the company shall not, unless permitted by such law or rules, be entitled to plead the general issue.

Company not relieved by inspection, etc.

4. No inspection under or by the authority of this Act, and nothing in this Act and nothing done, ordered or directed, or required or provided for, or omitted to be done, ordered or directed or required or provided for, under or by virtue of the provisions of this Act, shall, except in so far as a compliance with the Act or with such order or direction, or requirement or provision, constitutes a justification for what would otherwise be wrongful, relieve, or be construed to relieve, any company of or from, or in any wise diminish or affect, any liability or responsibility resting upon it by law, either towards His Majesty or towards any person, or the wife or husband, parent or child, executor or administrator, tutor or curator, heir or personal representative, of any person, for anything done or omitted to be done by such company, or for any wrongful act, negligence or default, misfeasance, malfeasance, or nonfeasance, of such company. 1919, c. 68, s. 391.

OFFENCES, PENALTIES AND OTHER LIABILITY.

*Disobeying Orders of Board.*

Disobeying orders of Board.

**392.** Every company and every municipal or other corporation which neglects or refuses to obey any order of the Board made under the provisions of this Act, or any other Act of the Parliament of Canada, shall for every such offence, be liable to a penalty of not less than twenty dollars nor more than five thousand dollars.

Liability of officers of company.

2. Wherever it is proved that any company has neglected or refused to obey an order of the Board made under the provisions of this Act, or any other Act of the Parliament of Canada, the president, the vice-president, each vice-president where there are more than one, and every director and managing director of such company shall each be guilty of an offence for which he shall be liable to a penalty



120452



of not less than twenty dollars and not more than five thousand dollars, or imprisonment for any period not exceeding twelve months, or both, unless he proves that, according to his position and authority, he took all necessary and proper means in his power to obey and carry out, and to procure obedience to and carrying out of, such order and that he was not at fault for the neglect or refusal to obey the same.

Liability of officers of municipality or corporation.

3. Wherever it is proved that any municipal or other corporation has neglected or refused to obey any order of the Board made under the provisions of this Act, or any other Act of the Parliament of Canada, the mayor, warden, reeve or other head of such corporation, and every member of the council or other ruling or executive body of such corporation, shall each be guilty of an offence for which he shall be liable to a penalty of not less than twenty dollars and not more than five thousand dollars, or imprisonment for any period not exceeding twelve months, or both, unless he proves that, according to his position and authority, he took all necessary and proper means in his power to obey and carry out, and to procure obedience to and carrying out of, such order, and that he was not at fault for the neglect or refusal to obey the same.

Other liability continues.

4. Nothing in or done under this section shall lessen or affect any other liability of such company, corporation or person, or prevent or prejudice the enforcement of such order in any other way.

Prosecution.

5. No prosecution shall be had under this section except by leave or direction of the Board. 1919, c. 68, s. 392.

*Obstructing Inspecting Engineers.*

As to transmission of telegraph messages.

**393.** Every operator or officer employed in any telegraph office of the company, or under the control of the company, who neglects or refuses to obey, without unnecessary delay, all orders of any inspecting engineer for the transmission of messages shall, for every such offence, be liable on summary conviction to a penalty of forty dollars.

Penalty.

Obstructing inspecting engineer on duty.

2. Every person who wilfully obstructs any inspecting engineer in the execution of his duties shall be liable on summary conviction to a penalty not exceeding forty dollars, and, in default of payment thereof forthwith, or within such time as the convicting justice appoints, to imprisonment with or without hard labour for any term not exceeding three months. 1919, c. 68, s. 393.

Penalty.

*Purchase of Railway Securities.*

Company not to purchase.

**394.** Every director of a railway company who knowingly permits the funds of any such company to be applied either directly or indirectly in the purchase of its own stock,



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120453



or in the acquisition of any shares, bonds or other securities issued by any other railway company in Canada, or in the purchase or acquisition of any interest in any such stock, shares, bonds or other securities, contrary to the provisions of this Act or the Special Act, shall incur a penalty of one thousand dollars for each such violation.

Penalty.

Separate offences.

2. The acquisition of each share, bond or other security or interest as aforesaid shall be deemed a separate violation of this section.

Recovery and application.

3. Such penalty shall be recoverable on information filed in the name of the Attorney General of Canada, and a moiety thereof shall belong to His Majesty, and the other moiety thereof shall belong to the informer. 1919, c. 68, s. 394.

*Schemes of Arrangement with Creditors.*

Failure of company to keep or sell copies.

**395.** If any railway company fails to keep at all times, at its principal or head office, printed copies of any scheme of arrangement between the company and its creditors, after such scheme has been confirmed and enrolled as provided by this Act, or to sell such copies to all persons desiring to buy them at a reasonable price, not exceeding ten cents for each copy, the company shall incur a penalty not exceeding one hundred dollars, and a further penalty not exceeding twenty dollars for every day during which such failure continues after the first penalty is incurred. 1919, c. 68, s. 395.

Penalty.

*Filing and Registry.*

Company neglecting to file.

**396.** Every railway company, which fails or neglects, within six months after the completion of the undertaking, or within six months after beginning to operate any completed part of the railway, as the case may be, or within such extended or renewed period as the Board at any time directs,

Plan and profile.

(*a*) to file with the Board a plan and profile of its completed railway, or of any such part thereof as is completed and in operation, and of the land taken or obtained for the use thereof; or

Plan of lands taken.

(*b*) to file in the registry offices for the respective districts and counties, in which the parts of such railway so completed, or completed and in operation are situate, plans of the parts thereof and of the land taken or obtained for the use thereof, located in such districts and counties respectively, prepared on such a scale and in such manner, and form, and signed or authenticated in such manner, as the Board may from time to time by general regulation, or in any individual case, sanction or require;



120454



shall incur a penalty of two hundred dollars, and a like penalty for each and every month during which such failure or neglect continues. 1919, c. 68, s. 396.

Penalty.

Registrar of deeds neglecting his duty.

**397.** Every registrar of deeds with whom it is by this Act required that any plan, profile, book of reference, certified copy thereof, or other document relating to the location or construction of any railway shall be deposited, who refuses or neglects

Receiving and preserving documents.

(*a*) to receive and preserve in his office all such plans, profiles, books of reference, certified copies thereof, and other documents duly tendered to him for such deposit; or

Endorsements.

(*b*) to endorse thereon the day, hour and minute when the same were so deposited; or

Copies.

(*c*) to allow any person to make extracts therefrom and copies thereof as occasion requires, upon payment of the fees in that behalf by this Act prescribed; or

Certificates.

(*d*) to certify, at the request of any person, in the manner and with the particulars by this Act required, copies of any such plan, profile, book of reference or document, or such portions thereof as may be required, upon being paid therefor at the rate provided by this Act;

Penalty.

shall be liable on summary conviction to a penalty of ten dollars, and also to an action for damages at the suit of any person injured by any such refusal or neglect. 1919, c. 68, s. 397.

*Removing Industrial Spurs.*

Removing industrial spurs without leave.

**398.** Any company or person who, without consent or order of the Board, removes any spur or branch line constructed under or pursuant to this Act for the purpose of affording railway facilities to, or in connection with, any industry or business established or intended to be established, shall be liable on conviction to a penalty not exceeding one thousand dollars. 1919, c. 68, s. 398.

Penalty.

*Examining Mine Workings.*

Refusing to allow examination of mine workings.

**399.** Any owner, lessee, or occupier of a mine lying under or near a railway or any of the works connected therewith, who, after the company owning or operating such railway has obtained the written permission of the Board and given twenty-four hours notice in writing in that behalf, refuses or neglects to allow any person appointed by such company for that purpose, to enter into and return from such mine or the works connected therewith and make use of any apparatus of such mine and all necessary means for discovering the distance from such railway or



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120455



works connected therewith to the parts of such mine which are being worked, in order to ascertain whether such mine is being worked or has been worked so as to injure or be detrimental to such railway or works connected therewith, or to the safety thereof or of the public, shall for every such refusal or neglect be liable on summary conviction to a penalty not exceeding one hundred dollars. 1919, c. 68, s. 399.

Penalty.

*Matters Incidental to Construction.*

Failing to comply with directions as to construction of bridges.

**400.** Every railway company which fails or neglects to comply with any direction of the Governor in Council, given upon the report of the Board, requiring such company within such time as the Governor in Council directs, to construct fixed and permanent bridges, or swing, draw or movable bridges, or to substitute any of such bridges for bridges existing on the line of the company's railway, shall, for every day after the expiration of the period so fixed, during which the company fails or neglects to comply with such direction, forfeit and pay to His Majesty the sum of two hundred dollars. 1919, c. 68, s. 400.

Penalty.

Structures not in conformity with this Act.

**401.** (*a*) If any bridge, tunnel or other erection or structure over, through or under which any railway passes is not so constructed, or reconstructed or altered, within such time as the Board may order, and thereafter so maintained, as to afford at all times an open and clear headway of at least seven feet between the top of the highest freight car used on the railway, and the lowest beams, members or portions of that part of such bridge, tunnel, erection or structure, which is directly over the space liable to be traversed by such car in passing thereunder; or

Spaces not in conformity.

(*b*) If, except by leave of the Board, the space between the rail level and such beams, members, or portions of any such structure, constructed after the first day of February, one thousand nine hundred and four, is in any case less than twenty-two feet six inches;

Penalty.

the company or owner so constructing shall incur a penalty not exceeding fifty dollars, for each day during which such company or owner wilfully refuses, neglects or omits to comply with the requirements of this Act, as to construction, reconstruction, alteration or maintenance, in this section mentioned: Provided that nothing in this section shall apply to any bridge, tunnel, erection or structure exempted by the Board from such requirements. 1919, c. 68, s. 401.

Proviso.



120456



Structures in violation of this Act.

**402.** Every company which erects, operates or maintains any bridge, approach, tunnel, viaduct, trestle, or any building, erection or structure, in violation of this Act, or of any order or regulation of the Board, shall for each offence incur a penalty of fifty dollars. 1919, c. 68, s. 402.

Penalty.

Improper use of highways.

**403.** Every railway company which, except as authorized by Special Act of the Parliament of Canada, or amendment thereof, passed previously to the twelfth day of March, one thousand nine hundred and three,

(*a*) carries its railway or causes or permits the same to be carried upon, along or across an existing highway without having first obtained leave therefor from the Board; or

(*b*) obstructs any such highway by its works before turning the highway so as to leave an open and good passage for carriages; or

(*c*) on completion of the works fails or neglects to restore the highway to as good a condition, as nearly as possible, as it originally had;

shall incur a penalty of not less than forty dollars nor more than five thousand dollars for each such offence. 1919, c. 68, s. 403.

Penalty.

Failure to erect signboards at crossings.

**404.** Every railway company which fails or neglects to erect and maintain, at each crossing where a highway is crossed at rail level by the railway of the company, a signboard having the words *Railway Crossing* painted on each side thereof, in letters at least six inches in length, and, in the province of Quebec, in both the English and French languages, shall incur a penalty not exceeding forty dollars. 1919, c. 68, s. 404.

Penalty.

*Opening Railway for Traffic.*

Opening railway without leave of Board.

**405.** If any railway or portion thereof is opened for the carriage of traffic, other than for the purposes of the construction of the railway by the company, before leave therefor has been obtained from the Board as hereinbefore provided, the company or person to whom such railway belongs, shall forfeit to His Majesty the sum of two hundred dollars for each day on which the railway is or continues open without such leave. 1919, c. 68, s. 405.

Penalty.

*Safety and Care of Roadway, etc.*

Leaving gates open.

**406.** Every person who

(*a*) wilfully leaves open any gate on either side of the railway, provided for the use of any farm crossing, without some person being at or near such gate to prevent animals passing through it on to the railway; or



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120457



Taking down fences.

(*b*) not being an officer or employee of the company acting in the discharge of his duty, takes down any part of a railway fence; or

Turning animals into railway inclosure.

(*c*) turns any horse, cattle or other animal upon or within the inclosure of any railway, except for the purpose of and while crossing the railway in charge of some competent person, using all reasonable care and precaution to avoid accidents; or

Allowing animals to go upon railway.

(*d*) except as authorized by this Act, without the consent of the company, rides, leads or drives any horse, or other animal, or wilfully suffers any such horse or animal to enter upon the railway, and within the fences and guards thereof;

Penalty.

shall, on summary conviction, be liable to a penalty of twenty dollars for each such offence.

Damages to the company.

2. Every such person shall also be liable to the company for any damage to the property of the company, or for which the company may be responsible, by reason of any such act or omission.

Damages to person injured.

3. Every person guilty of any offence under this section shall, in addition to the penalty and liability therein provided, be liable to pay to any person injured by reason of the commission of such offence all damages thereby sustained. 1919, c. 68, s. 406.

Failure to have weeds removed from right of way.

**407.** Every railway company which fails or neglects to cause the thistles and all noxious weeds growing on the right of way, and upon land of the company adjoining the railway, to be cut down, or to be rooted out and destroyed, each year, before such thistles or weeds have sufficiently matured to seed, or which fails or neglects to do anything which it is required by law to do for the purpose of cutting down, or rooting out and destroying such thistles and weeds before they have sufficiently matured to seed, shall

Penalty.

incur a penalty of two dollars for every day during which such failure or neglect continues.

Municipal officers may remove.

2. The mayor, reeve or chief officer of the municipality, township, county or district in which any portion of the right of way or land of the company lies, upon which the company has failed to cut down, or root out and destroy, such thistles and weeds as by law required, or to do anything which the company is by law required to do for the purpose aforesaid, or any justice of the peace in such municipality, township, county or district, may enter upon the portion of the right of way and lands aforesaid, and, by himself and his assistants or workmen, cut down, or root out and destroy, such thistles or weeds, and for that purpose cause to be done all things which the company is by law required to do.



120458



Expenses.

3. Such mayor, reeve, chief officer or justice of the peace may recover the expenses and charges so incurred, and the said penalty, with costs, in any court of competent jurisdiction.

Payment.

4. Such penalty shall be paid to the proper officer of the municipality. 1919, c. 68, s. 407.

Walking on track.

**408.** Every person, not connected with the railway or employed by the company, who trespasses upon the yard or track of the company, except where the same is laid across or along a highway, is liable on summary conviction

Penalty.

to a penalty not exceeding ten dollars. 1919, c. 68, s. 408.

Using highway crossings on foot.

**409.** Any person who uses any highway crossing at rail level for the purpose of passing on foot along such highway across the railway, except during the time when such highway crossing is used for the passage of carriages, carts, horses or cattle along the said highway, is liable on summary conviction to a penalty not exceeding ten dollars, if

Penalty.

If there is a foot bridge.

(*a*) the company has erected and completed, pursuant to order of the Board, over its railway, at or near or in lieu of such highway crossing, a foot bridge or foot bridges for the purpose of enabling persons passing on foot along such highway to cross the railway by means of such bridge or bridges; and

Maintained.

(*b*) such foot bridge is maintained or such foot bridges are maintained by the company in good and sufficient repair. 1919, c. 68, s. 409.

Non-compliance with order of Board.

**410.** If any company refuses or neglects to comply with any order of the Board, made upon the report of the inspecting engineer, under the authority of this Act,

Works.

(*a*) directing any repairs, renewals, reconstruction, alteration or new work, material or equipment to be made, done or furnished by the company upon, in addition to, or in substitution for any portion of the railway; or

Operation.

(*b*) directing that, until such repairs, renewals, reconstruction, alteration and work, materials or equipment are made, done and furnished to the satisfaction of the Board, no portion of the railway in respect of which such order is made shall be used, or used otherwise than subject to certain restrictions, conditions and terms by such order imposed; or

Rolling stock.

(*c*) condemning and forbidding further use of any rolling stock therein specified;

Penalty.

the company shall for each such refusal or neglect forfeit to His Majesty the sum of two thousand dollars.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120459



Aiding or abetting.

2. Any person wilfully and knowingly aiding or abetting any such disobedience or non-compliance shall be liable therefor, upon conviction, to a penalty of not less than twenty dollars, and not more than two hundred dollars.

No prosecution without leave of Board.

3. No prosecution for any penalty under this section shall be instituted without the authority of the Board first obtained. 1919, c. 68, s. 410.

Non-compliance with notice of engineer forbidding the running of trains.

**411.** If any railway company refuses or neglects to comply with any notice in writing of any inspecting engineer, given under the authority of this Act, and duly served upon the company, forbidding the running of any train over the railway of the company, or any portion thereof, or requiring that trains be run only at such times, under such conditions and with such precautions as specified in such notice, or forbidding the running or using of any rolling stock specified in the notice, such company shall forfeit to His Majesty the sum of two thousand dollars. 1919, c. 68, s. 411.

Penalty.

*Notification of Accidents.*

Omitting to give notice of accident.

**412.** Every railway company which wilfully or negligently omits to give immediate notice as by this Act required, with full particulars, to the Board of the occurrence, upon the railway belonging to such company, of any accident attended with serious personal injury to any person using the railway, or to any employee of the company, or whereby any bridge, culvert, viaduct or tunnel on or of the railway has been broken, or so damaged as to be impassable or unfit for immediate use, shall forfeit to His Majesty the sum of two hundred dollars for every day during which the omission to give such notice continues.

Penalty.

Conductors, etc., failing to notify Board by telegraph.

2. Every conductor or other employee who makes a report to the company of the occurrence of any such accident and fails, wilfully or negligently, to notify the Board of the same by telegraph as soon as possible after such accident, is guilty of an offence and liable, on summary conviction, to a penalty not exceeding one hundred dollars. 1919, c. 68, s. 412.

Penalty.

*Operation and Equipment.*

Violation of by-laws and rules.

**413.** Every person who wilfully or negligently violates any by-law, rule or regulation of the company is liable, on summary conviction, for each offence, to a penalty not exceeding the amount therein prescribed, or if no amount is so prescribed, to a penalty not exceeding twenty dollars: Provided that no such person shall be convicted of any such offence, unless at the time of the commission thereof a printed copy of such by-law, rule or regulation was openly affixed to a conspicuous part of the station at which the offender entered the train, or at or near which the offence was committed. 1919, c. 68, s. 413.

Printed copy must be posted.



120460



Failure of company to properly equip its trains.

**414.** Every railway company required by this Act

(*a*) to provide and cause to be used on its trains modern and efficient apparatus, appliances and means, or any apparatus, appliances and means in this Act specified, for the providing of communication between the conductor and the engine driver, or for the checking of the speed of any train or the bringing of the same expeditiously to a standstill, or for the secure coupling and connecting of the cars and the engine composing the train; or

Box freight cars.

(*b*) to equip its box freight cars, for the security of its employees, with outside ladders and hand-grips, or if the Board so requires, with any other improved side attachment required by the Board; or

Draw bars.

(*c*) to adopt and use upon its rolling stock draw bars of a height determined by the Board;

Penalty.

which fails to comply with any requirement of this Act in that behalf shall forfeit to His Majesty a sum not exceeding two hundred dollars for every day during which such default continues. 1919, c. 68, s. 414.

Blackboard.

**415.** (*a*) If any railway company upon whose railway there is a telegraph or telephone line in operation wilfully neglects, omits or refuses to have a blackboard put upon the outside of the station house over the platform of the station, in some conspicuous place, at each station of such company in which there is a telegraph or telephone office; or

Notice of overdue trains.

(*b*) if, when any passenger train is overdue at any such station according to the time-table of such company, the station agent, or person in charge at such station, wilfully neglects, omits or refuses to write or cause to be written in white chalk on such blackboard a notice, in English and French in the province of Quebec, and in English in the other provinces, stating to the best of his knowledge and belief the time when such overdue train may be expected to reach such station; or

Further notice.

(*c*) if, when there is any further change in the expected time of arrival, such station agent, or person in charge of the station, wilfully neglects, omits or refuses to write or cause to be written on the blackboard, in like manner, a fresh notice stating to the best of his knowledge and belief the time when such overdue train may then be expected to reach such station;

Penalty.

such company shall be liable, upon summary conviction, to a penalty not exceeding five dollars for each such wilful neglect, omission or refusal.

Station master also liable.

2. Such station agent or person in charge at any such station shall likewise be liable to a penalty not exceeding five



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120461



five dollars for every wilful neglect, omission or refusal to write or cause to be written upon such blackboard any of such notices as hereinbefore required. 1919, c. 68, s. 415.

Freight car in rear of passenger car. Penalty.

**416.** Every officer or employee of any railway company who directs or knowingly permits any freight, merchandise or lumber car to be placed in any passenger train, in the rear of any passenger car in which any passenger is carried, is guilty of an indictable offence. 1919, c. 68, s. 416.

Penalty for not stopping at swing bridges.

**417.** A company shall be liable to a penalty not exceeding four hundred dollars, if when the railway passes over any navigable water or canal by means of a draw or swing bridge which is subject to be opened for navigation, any train of the company upon such railway is not brought to a full stop before coming on or crossing over such bridge, or if such train thereafter proceeds before a proper signal has been given for that purpose.

Board may permit.

2. This section shall not apply in the case of any bridge over which, by order of the Board under the authority of this Act, engines and trains are permitted to pass without stopping. 1919, c. 68, s. 417.

Employee of company failing to comply. Penalty.

**418.** Every employee of the company who fails to comply with the rules of the company made for carrying into effect the provisions of this Act with regard to the stopping of trains before crossing any such draw or swing bridge, or for preventing such trains from proceeding over any such bridge before a proper signal has been given for that purpose, shall be liable to a penalty not exceeding four hundred dollars, or to six months' imprisonment, or to both. 1919, c. 68, s. 418.

Penalty for failure. To sound whistle. And ring bell. Damages. Exception.

**419.** The company shall incur a penalty of eight dollars if, when any train of the company is approaching a highway crossing at rail level,

(*a*) the engine whistle is not sounded at least eighty rods before reaching such crossing; and

(*b*) the bell is not rung continuously from the time of the sounding of the whistle until the engine has crossed the highway.

2. The company shall also be liable for all damage sustained by any person by reason of any failure or neglect so to sound the whistle or ring the bell.

3. Where a municipal by-law of a city or town prohibits such sounding of the whistle or such ringing of the bell in respect of any such crossing or crossings within the limits of such city or town, such by-law if approved by order of



120462



the Board shall, to the extent of such prohibition, relieve the company from any penalty or liability under this section. 1919, c. 68, s. 419.

Employee neglecting to sound bell or whistle. Penalty.

**420.** Every employee of the company whose duty it is to sound the whistle or ring the bell at any such highway crossing, who neglects to perform such duty as required by this Act, shall for each offence incur a penalty of eight dollars. 1919, c. 68, s. 420.

Penalty for—

**421.** The company shall incur a penalty of one hundred dollars if

Crossing level railway crossing without signal.

(*a*) any train or engine of the company passes over any crossing where two main lines of railway, or the main tracks of any branch lines, cross each other at rail level, whether they are owned by different companies or by the same company, before a proper signal has been received by the conductor or engineer in charge of such train or engine, from a competent person or watchman in charge of such crossing, that the way is clear; or

Train not stopping.

(*b*) any train of the company, before it passes over any such crossing, is not brought to a full stop, unless engines and trains are, by order of the Board under the authority of this Act, permitted to pass over such crossing without stopping; or

Excessive speed in thickly peopled places where track not fenced.

(*c*) any train of the company passes in or through any thickly peopled portion of any city, town or village at a speed greater than ten miles an hour, unless the track is fenced or properly protected in the manner prescribed by this Act, or unless permission to pass at greater speed is given by some regulation or order of the Board; or

Over highway crossings in thickly peopled places.

(*d*) any train of the company passes over any highway crossing at rail level in any thickly peopled portion of any city, town or village at a speed greater than ten miles an hour, unless such crossing is constructed and thereafter maintained and protected in accordance with the orders, regulations and directions specially issued by the Railway Committee of the Privy Council or of the Board in force with respect to such crossing, or unless permission is given by some regulation or order of the Board; or

Over highway crossing where accident has happened.

(*e*) any train of the company passes over any highway crossing at rail level at a speed greater than ten miles an hour, if at such crossing, subsequent to the first day of January, one thousand nine hundred and five, a person or vehicle using such crossing, or an animal being ridden or driven over the same, has been struck by a moving train, and bodily injury or death thereby



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120463



caused to such person or to any other person using such crossing, unless and until such crossing is protected to the satisfaction of the Board; or

Over highway crossing not protected as ordered.

(*f*) any train of the company passes at a speed greater than ten miles an hour over any highway crossing at rail level in respect of which crossing an order of the Board has been made to provide protection for the safety and convenience of the public and which order has not been complied with; or

Moving reversely without warning.

(*g*) whenever in any city, town or village, any train of the company not headed by an engine is allowed to pass over or along a highway at rail level which is not adequately protected by gates or otherwise, the company does not station on that part of the train, which is then foremost, a person who shall warn persons standing on or crossing or about to cross the track of such railway.

Electric railway companies.

2. Every company operating an electric street railway shall incur a penalty of one hundred dollars if

Crossing at rail level without signal from watchman.

(*a*) any electric car of such company passes over any crossing, where its line of railway crosses any line of railway subject to the provisions of this Act, at rail level, before a proper signal has been received by the conductor in charge of such electric car, from a competent person or watchman in charge of such crossing, that the way is clear; or

Or from conductor if no watchman.

(*b*) if there is no competent person or watchman in charge of such crossing, the conductor, before crossing the same, does not go forward and see that the track to be crossed is clear, before giving the signal to the motorman that the way is clear and to proceed; or

Not stopping.

(*c*) any such electric car, before it passes over such crossing, is not brought to a full stop, unless electric cars are by order of the Board under the authority of this Act permitted to pass over such crossing without stopping. 1919, c. 68, s. 421.

Obstructing highway.

**422.** Whenever at any highway crossing at rail level any engine, tender or car, or any part thereof, is wilfully allowed by the company, its officers, agents or employees to stand on any part of such highway for a longer period than five minutes at one time, or in shunting, to obstruct public traffic for a longer period than five minutes at one time, every officer, agent or employee of the company who has directly under or subject to his control, management or direction any such engine, tender or car, shall be liable on

Penalty.

summary conviction to a penalty not exceeding fifty dollars, and the company shall also be liable to a like penalty: Provided that, if the offence is in the opinion of the court excusable, the prosecution for the penalty may be dismissed and the costs shall be in the discretion of the court.



120464



When observing rules of company causes obstruction.

2. No employee shall be liable to such penalty if he proves that the carrying out or observing of the rules of the company was the cause of such obstruction, and in such case the company and its superintendent or other officer in charge of the operation of the railway, or of the division thereof upon which such obstruction occurs, shall each be guilty of the offence mentioned in this section and liable to a penalty not exceeding two hundred dollars. 1919, c. 68, s. 422.

*Intoxication of Employees.*

Intoxication of railway employees.

**423.** Every conductor, locomotive engineer, train dispatcher, telegraph operator, station agent, switchman, signal man, bridge tender or any other person who is intoxicated, or under the influence of liquor, while on duty, in charge of or in any employment having to do with the movement of trains upon any railway, is guilty of an offence, and shall be punished by fine, not exceeding four hundred dollars, or imprisonment, not exceeding five years, or both, in the discretion of the court before which the conviction is had, and according as such court considers the offence proved to be more or less grave as causing injury to any person or property, or as exposing or likely to expose any person or property to injury, although no actual injury occurs. 1919, c. 68, s. 423.

Penalty.

Selling liquor to railway employees on duty.

**424.** Every person who sells, gives or barters any spirituous or intoxicating liquor to or with any servant or employee of any company, while on duty, is liable on summary conviction to a penalty not exceeding fifty dollars, or to imprisonment, with or without hard labour, for a period not exceeding one month, or to both. 1919, c. 68, s. 424.

Penalty.

*Traffic, Tolls, and Tariffs.*

Contraventions in respect of tolls.

**425.** If any company or any director or officer thereof, or any receiver, trustee, lessee, agent or person, acting for or employed by such company, either alone or with any other company or person,

(*a*) wilfully does, or causes to be done, or willingly suffers to be done, any act, matter or thing, contrary to any order, direction, decision or regulation of the Board made or given under this Act, in respect of tolls; or

(*b*) wilfully omits or fails to do any act, matter, or thing thereby required to be done; or

(*c*) causes or willingly suffers or permits any act, matter or thing, so directed or required to be done, not to be done; or



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120465



(*d*) contravenes any such order, direction, decision or regulation, or any of the provisions of this Act, in respect of tolls;

such company, director, officer, receiver, trustee, lessee, agent or person shall for each such offence be liable to a penalty of not more than one thousand dollars, and not less than one hundred dollars. Penalty.

2. No prosecution shall be had or instituted for any such penalty without the leave of the Board first being obtained. 1919, c. 68, s. 425. Prosecution by leave.

Giving free passes, etc.

**426.** Any company or any officer or agent thereof, or any person acting for or employed by such company, who, in contravention of the provisions of this Act, directly or indirectly, issues or gives any free ticket or free pass, whether for a specific journey or periodical or annual pass, or who arranges for or permits the transportation of passengers except on payment of the fares properly chargeable for such transportation under the tariffs filed under the provisions of this Act, and at the time in effect, shall for each offence be liable to a penalty not exceeding one thousand dollars and not less than one hundred dollars, and any person other than as provided by this Act who uses any such free ticket or free pass, whether for a specific journey or periodical or annual pass, shall be subject to a like penalty. Using free passes.

2. No prosecution shall be had or instituted for any such penalty without the leave of the Board first being obtained. 1919, c. 68, s. 426. Prosecution by leave.

False billing, etc., by company.

**427.** Any company or any officer or agent thereof, or any person acting for or employed by such company, who by means of false billing, false classification, false report of weight, or by any other device or means, knowingly, wilfully or willingly suffers or permits any person or persons to obtain transportation for goods at less than the required tolls then authorized and in force on the railway of the company, shall for each offence be liable to a penalty not exceeding one thousand dollars and not less than one hundred dollars. Penalty.

2. No prosecution shall be had or instituted for any such penalty without the leave of the Board first being obtained. 1919, c. 68, s. 427. Prosecution by leave.

False billing etc., by any person.

**428.** Any person, or any officer or agent of any incorporated company, who delivers goods for transportation to such company, or for whom as consignor or consignee the company transports goods, who knowingly or wilfully, by false billing, false classification, false weighing, false representation of the contents of the package, or false



120466



report of weight, or by any other device or means, whether with or without the consent or connivance of the company, its agent or agents, obtains, or knowingly or wilfully attempts to obtain, transportation for such goods at less than the regular tolls then authorized and in force on the railway shall, for each offence, be liable to a penalty not exceeding one thousand dollars and not less than one hundred dollars. Penalty.

2. The Board may make regulations providing that any such persons or company shall, in addition to the regular toll, be liable to pay to the company a further toll not exceeding fifty per centum of the regular charge. Further toll.

3. The company may, and when ordered by the Board shall, open and examine any package, box, case or shipment, for the purpose of ascertaining whether this section has been violated. Opening of packages.

4. No prosecution shall be had or instituted for any such penalty without the leave of the Board first being obtained. 1919, c. 68, s. 428. Prosecution by leave.

Unjust discrimination.

**429.** Any person or company, or any officer or agent of any company

(*a*) who offers, grants or gives, or solicits, accepts or receives any rebate, concession, or discrimination in respect of the transportation of any traffic by the company, whereby any such traffic is, by any device whatsoever, transported at a less rate than that named in the tariffs then in force; or

(*b*) for whom the company or any of its officers or agents, is by any such means induced to transport traffic, and thereby to discriminate unjustly in favour of any such person, company, officer or agent as against any other person or company; or

(*c*) who aids or abets the company in any unjust discrimination;

shall for each offence be liable to a penalty not exceeding one thousand dollars and not less than one hundred dollars. Penalty.

2. No prosecution shall be had or instituted for any such penalty without the leave of the Board first being obtained. 1919, c. 68, s. 429. Prosecution by leave.

Departure from tolls in tariff.

**430.** If the company files with the Board any tariff, and such tariff comes into force and is not disallowed by the Board under this Act, or if the company participates in any such tariff, any departure from the tolls in such tariff, when so in force, shall, as against such company, its officers, agents or employees, be an offence under this Act. Offence.

2. No prosecution shall be had or instituted in respect of any such offence without the leave of the Board first being obtained. 1919, c. 68, s. 430. Prosecution by leave.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120467



Neglect to file joint tariff.

**431.** All goods carried or being carried over any continuous route, from a point in Canada through a foreign country into Canada, operated by two or more companies whether Canadian or foreign, shall, unless such companies have filed with the Board a joint tariff for such continuous route, be subject upon admission into Canada, to Customs duties, as if such goods were of foreign production and coming into Canada for the first time.

Goods subject to Customs duties.

30 per cent.

2. Such goods shall be subject to a Customs duty of thirty per centum of the value thereof, if they would not be subject to any Customs duty in case they were of foreign production, and coming into Canada for the first time.

Payable by company.

3. If any such duty is paid by the consignor or consignee of such goods, the same shall be repaid on demand to the person so paying, by the company or companies owning or operating so much of such continuous line or route as lies within Canada. 1919, c. 68, s. 431.

Sending of explosives.

**432.** Every person who

(*a*) sends by any railway any gunpowder, dynamite, nitroglycerine, or any other goods which are of a dangerous or explosive nature, without distinctly marking their nature on the outside of the package containing the same, and otherwise giving notice thereof in writing to the station agent or employee of the company whose duty it is to receive such goods, and to whom the same are delivered; or

Taking them on train.

(*b*) carries or takes upon any train any such goods for the purpose of carriage;

Penalty.

shall be liable on conviction to a penalty not exceeding two thousand dollars or imprisonment for any period not exceeding two years, or both. 1919, c. 68, s. 432.

Carrying dangerous goods.

**433.** Every company which carries any goods of an explosive or dangerous nature except in conformity with the regulations, or an order, made by the Board in that behalf, shall for each such offence incur a penalty of five hundred dollars. 1919, c. 68, s. 433.

Refusing to check baggage.

**434.** If any railway company improperly refuses upon demand to affix a check to any parcel of baggage, having a handle, loop or suitable means for attaching a check thereupon, delivered by a passenger to the company for transport or to deliver a duplicate of such check to such passenger, the company shall be liable to such passenger for the sum of eight dollars recoverable in a civil action. 1919, c. 68, s. 434.



120468



Opening package with intent to steal contents.

**435.** Every person who

(*a*) unlawfully bores, pierces, cuts, opens, enters or otherwise injures any car or any cask, can, bottle, box, case, sack, wrapper, package, container, or rolls of goods in or about any car, wagon, boat, vessel, warehouse, station house, wharf, quay or premises of or belonging to any company;

(*b*) unlawfully breaks the seal upon any car on any railway; or

Drinking or wasting liquids.

(*c*) unlawfully drinks or wilfully spills or allows to run to waste any liquids;

Penalty.

is liable, on summary conviction, to a penalty not exceeding five hundred dollars, or to imprisonment, with or without hard labour, for a term not exceeding one year, or to both. 1919, c. 68, s. 435.

*Express Business.*

Carrying by express without filing tariff, etc.

**436.** Every company which carries or transports, and every officer or employee thereof who directs or knowingly permits to be carried or transported, any goods by express,

(*a*) unless and until the tariff of express tolls therefor or in connection therewith has been submitted to and filed with the Board in the manner required by this Act; or

(*b*) in the case of competitive tariffs, unless such tariffs are filed in accordance with the rules and regulations of the Board made in relation thereto; or

(*c*) in any case where such express toll in any tariff has been disallowed by the Board;

Penalty.

shall be liable to a penalty not exceeding one hundred dollars for each such offence. 1919, c. 68, s. 436.

*Statistics and Returns.*

Failure to furnish returns to Minister.

**437.** Every railway, telegraph, telephone or express company that fails or neglects to prepare and furnish to the Board within such time and in such manner and form, and in accordance with such classifications, and with such particulars and verification, as by or under this Act are required or intended,

Capital, traffic and working expenditure.

(*a*) any return of its capital, traffic and working expenditure, or of any other information required as indicated in the forms for the time being required by the Board; or

Monthly traffic.

(*b*) any monthly return of its traffic in accordance with the forms for the time being required by the Board, if such monthly return is required by the Minister; or

Other information.

(*c*) any other information which may be from time to time required by the Board under this Act;



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120469



Penalty. shall incur a penalty not exceeding ten dollars for every day during which such default continues.

Signing false return. 2. Every person who knowing the same to be false in any particular, signs any such return, is guilty of an offence punishable on summary conviction. 1919, c. 68, s. 437.

Returns to Statistician. **438.** Any railway, telegraph, telephone or express company that fails or neglects to deliver to the Dominion Statistician within the time provided in this Act or when required by the Board, and in the form ordered and directed by the Board, or specified in this Act,

Accidents. (*a*) a true and particular return of all accidents and casualties, whether to persons, or to animals or other property, which have occurred on the property of the company, or in connection with the operation of the undertaking of the company setting forth the particulars and verified in manner as by this Act required; or

By-laws, rules and regulations. (*b*) if required by the Board, a true copy of the existing by-laws of the company and of its rules and regulations for the management of the company and of its railway or such other undertaking or business as it is authorized to carry on, within fourteen days after having been so required by the Board; or

Additional returns of serious accidents. (*c*) in the case of a railway company, any other or additional returns of serious accidents occurring in the course of the public traffic on the railway, if thereunto required with a view to public safety by the Board, within fourteen days after the same have been so required;

Penalty. shall forfeit to His Majesty the sum of one hundred dollars for every day during which the company so neglects to deliver such return. 1919, c. 68, s. 438.

Refusal to make returns required by Board. **439.** If the Board at any time, by notice served upon any railway, telegraph, telephone or express company or any officer, servant or agent of such company, requires such company or such officer, servant or agent to furnish to the Board, at or within any time stated in such notice, a written statement or statements showing in so far and with such detail and particulars as the Board requires,

Assets and liabilities. (*a*) the assets and liabilities of such company;

Stock. (*b*) the amount of such company's stock issued and outstanding and the date at which any such stock was so issued;

Consideration therefor. (*c*) the amount and nature of the consideration received by such company for such issue, and in case the whole of such consideration was not paid to such company in cash, the nature of the service rendered to or property received by such company for which any stock was issued;



120470



(*d*) the gross earnings or receipts or expenditure by such company during any period specified by the Board, and the purposes for which such expenditure was made; Receipts and expenditures.

(*e*) the amount and nature of any bonus, gift or subsidy received by such company from any source whatsoever and the source from which and the time when, and the circumstances under which, the same was so received or given; Bonus and subsidies.

(*f*) the bonds issued at any time by such company and what portion of the same is outstanding, and what portion, if any, has been redeemed; Bonds.

(*g*) the amount and nature of the consideration received by such company for the issue of such bonds; Consideration therefor.

(*h*) the character and extent of any liabilities outstanding chargeable upon the property or undertaking of such company, or any part thereof, and the consideration received by such company for such liabilities, and the circumstances under which the same were created; Liabilities.

(*i*) the cost of construction of such company's railway or other works or of any part thereof; Cost of construction.

(*j*) the amount and nature of the consideration paid or given by such company for any property acquired by it; Cost of property.

(*k*) the particulars of any lease, contract or arrangement entered into between such company and any other company or person; and Leases and contracts.

(*l*) generally, the extent, nature, value and particulars of the property, earnings and business of such company; or Generally.

(*m*) any of the matters in this section mentioned; Any matter.

and if such company, officer, servant or agent wilfully or negligently refuses to make such return when and as thereunto required by the Board, or fails to make any such return to the utmost of its or his knowledge, or means of knowledge, such company and every such officer, servant or agent, so in default, shall severally be liable on conviction to a penalty not exceeding one thousand dollars. If wilful or negligent. Penalty.

Imprisonment for officer or servant. 2. Each such officer, servant or agent so convicted shall, in addition to such penalty, be liable to imprisonment in the common gaol of the county in which such conviction is made, for any period not exceeding twelve months. 1919, c. 68, s. 439.

Making false returns. **440.** If any company or any officer, servant or agent of such company wilfully or negligently makes any such return to the Board falsely, or makes any false statement in any



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120471



any such return, such company and every such officer, servant or agent shall be severally liable on conviction to a penalty not exceeding one thousand dollars.

Penalty.

Imprisonment.

2. Such officer, servant or agent shall also, on such conviction, be liable to imprisonment, for any period not exceeding twelve months, in the common gaol of the county where such conviction is had. 1919, c. 68, s. 440.

Publishing information without leave.

**441.** If any officer or servant of the Board, or any person having access to or knowledge of any return made to the Board, or of any evidence taken by the Board in connection therewith, without the authority of the Board first obtained, publishes or makes known any information, having obtained the same, or knowing the same to have been derived from such return or evidence, he shall be liable, on conviction, to a penalty not exceeding five hundred dollars for each offence, and to imprisonment not exceeding six months, in the common gaol of the country where such conviction is had. 1919, c. 68, s. 441.

Penalty.

*Railway Constables Failing in Duty.*

Failure of constable in duty.

**442.** Every constable appointed under the authority of this Act who is guilty of any neglect or breach of duty in his office of constable shall be liable, on summary conviction, to a penalty not exceeding eighty dollars, or to imprisonment with or without hard labour for a term not exceeding two months.

Penalty.

Deduction from salary of constable.

2. Such penalty may, if the constable is in receipt of a salary from the company, be deducted from any such salary due to such offending constable.

Venue.

3. Any offence under this section may be prosecuted and adjudged within any county, city, district, or other local jurisdiction of the province wherein the offence was committed. 1919, c. 68, s. 442.

*Various Offences.*

Destroying or injuring structures.

**443.** Every person who

(*a*) wilfully breaks down, injures, weakens or destroys any gate, fence, erection, building or structure of a company; or

Removing or defacing notices.

(*b*) removes, obliterates, defaces or destroys any printed or written notice, direction, order, by-law or regulation of a company, or any section of or extract from this Act or any other Act of Parliament, which a company or any of its officers or agents have caused to be posted, attached or affixed to or upon any fence, post, gate, building or erection of the company, or any car upon any railway; or



120472



(*c*) enters upon any railway train, with intent fraudulently to be carried upon the said railway without paying fare thereon; or — Fraudulently entering train.

(*d*) wilfully obstructs or impedes any officer or agent of any company in the execution of his duty upon any train, or railway, or upon any of the premises of the company; or — Obstructing officer of company.

(*e*) not being an employee of the company, wilfully trespasses by entering upon any of the stations, cars or buildings of the company in order to occupy the same for his own purposes; — Trespass on property of company.

shall be liable on summary conviction to a penalty not exceeding fifty dollars, or in default of payment to imprisonment with or without hard labour for a term not exceeding two months. 1919, c. 68, s. 443. — Penalty.

*Penalties Not Otherwise Provided.*

Company or officer doing or omitting to do anything against this Act.

**444.** Any company which, or any person who, being a director or officer thereof, or being a receiver, trustee, lessee, agent, or otherwise acting for or employed by such company, or being a contractor or other person having to do with the railway or other works of the company, does, causes or permits to be done, any matter, act or thing contrary to the provisions of this or the Special Act, or to the orders, regulations, or directions of the Governor in Council, or of the Minister, or of the Board, made under this Act, or omits to do any matter, act or thing, thereby required to be done on the part of any such company or person, shall, if no other penalty is provided in this or the Special Act for any such act or omission, be liable for each such offence to a penalty of not less than twenty dollars, and not more than five thousand dollars, in the discretion of the court before which the same is recoverable. 1919, c. 68, s. 444. — Penalty.

*Continuing Offences.*

Each day's violation of this Act a distinct offence.

**445.** When the violation of or failure to comply with any provision of this Act, or with any regulation, order or direction of the Governor in Council, the Minister, the Board or any inspecting engineer, is made, by this Act or any regulation thereunder, an offence subject to penalty, each day's continuance of such violation, or failure to comply, shall constitute a new and distinct offence. 1919, c. 68, s. 445.

*Company Liable for Acts of its Officers and Agents.*

Company liable for act or omission of officer, etc.

**446.** For the purpose of enforcing any penalty under any of the provisions of this Act, or enforcing any regulation, order, or direction of the Governor in Council, the Minister, the Board, or any inspecting engineer, made under this Act, the act, omission, or failure of any officer, agent,



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120473



or other person acting for, or employed by the company, shall, if within the scope of his employment, in every case be also deemed to be the act, omission or failure of such company.

Company liable to same penalty as individual offender.

2. Anything done or omitted to be done by the company which if done or omitted to be done by any director, or officer thereof, or any receiver, trustee, lessee, agent or person acting for or employed by the company, would constitute an offence under this Act, shall also be held to be an offence committed by such company, and upon conviction of any such offence, the company shall be subject to the like penalties as are prescribed by this Act with reference to such persons. 1919, c. 68, s. 446.

*Penalties Constitute a First Charge.*

Penalties a first charge on railway.

**447.** If any company has been convicted of any penalty under this Act, such penalty shall be the first lien or charge upon the railway, property, assets, rent and revenues of the company. 1919, c. 68, s. 447.

*Procedure.*

If penalty $100 or less.

**448.** If any penalty, prescribed for any offence under this Act, or under any order, rule or regulation of the Board, is one hundred dollars or less, with or without imprisonment, the penalty may, subject to the provisions of this Act, be imposed and recovered on summary conviction before a justice of the peace.

If more than $100 and less than $500.

2. If the penalty prescribed is more than one hundred dollars and less than five hundred dollars, the penalty may, subject as aforesaid, be imposed and recovered on summary conviction before two or more justices, or before a police magistrate, a stipendiary magistrate, or any person with the power or authority of two or more justices of the peace.

Board may require Attorney General to proceed.

3. Whenever the Board has reasonable ground for belief that any company, or any person or corporation is violating or has violated any of the provisions of this Act, or any order, rule or regulation of the Board, in respect of which violation a penalty may be imposed under this Act, the Board may request the Attorney General of Canada to institute and prosecute proceedings, on behalf of His Majesty, against such company or person or corporation for the imposition and recovery of the penalty provided under this Act for such violation, or the Board may cause an information to be filed in the name of the Attorney General of Canada for the imposition and recovery of such penalty.

Leave required when penalty exceeds $100.

4. No prosecution shall be had against the company for any penalty under this Act, in which the company might be held liable for a penalty exceeding one hundred dollars, without the leave of the Board being first obtained. 1919, c. 68, s. 448.



120474



RAILWAY CONSTABLES.

*Appointment.*

Who may make appointments.

**449.** A superior or county court judge, two justices of the peace, or a stipendiary or police magistrate, in any part of Canada, a clerk of the peace, clerk of the Crown or judge of the sessions of the peace in the province of Quebec, within whose jurisdiction the railway runs, may, on the application of the company or any clerk or agent of the company, appoint any persons who are British subjects to act as constables on and along such railway.

Qualifications.

Oath to be taken.

2. Every person so appointed shall take an oath or make a solemn declaration, which may be administered by any judge or other official authorized to make the appointment or to administer oaths, in the form or to the effect following, that is to say:—

Form of oath.

"I, A. B., having been appointed a constable to act upon and along (*here name the railway*), under the provisions of the Railway Act, do swear that I am a British subject; that I will well and truly serve our Sovereign Lord the King in the said office of constable, without favour or affection, malice or ill-will; that I will, to the best of my power, cause the peace to be kept, and prevent all offences against the peace; and that, while I continue to hold the said office, I will, to the best of my skill and knowledge, discharge the duties thereof faithfully according to the law. So help me God."

Appointment in writing.

3. Such appointment shall be made in writing signed by the official making the appointment, and the fact that the person appointed thereby has taken such oath or declaration shall be endorsed on such written appointment by the person administering such oath or declaration. 1919, c. 68, s. 449.

*Territorial Limits and Powers.*

Territorial limits of constable.

**450.** Every constable so appointed, who has taken such oath or made such declaration, may act as a constable for the preservation of the peace, and for the security of persons and property against unlawful acts

(*a*) on such railway, and on any of the works belonging thereto;

(*b*) on and about any trains, roads, wharfs, quays, landing places, warehouses, lands and premises belonging to such company, whether the same are in the county, city, town, parish, district or other local jurisdiction within which he was appointed or in any other place through which such railway passes, or in which the same terminates, or through or to which any railway passes which is worked or leased by such company; and



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120475



(c) in all places not more than a quarter of a mile distant from such railway.

Powers of constable.

2. Every such constable shall have all such powers, protection and privilege for the apprehending of offenders, as well by night as by day, and for doing all things for the prevention, discovery and prosecution of offences, and for keeping the peace, as any constable duly appointed has within his constablewick. 1919, c. 68, s. 450.

Justices.

**451.** Any such constable make take such persons as are charged with any offence against the provisions of this Act, or any of the Acts or by-laws affecting the railway, punishable by summary conviction, before any justice or justices appointed for any county, city, town, parish, district or other local jurisdiction within which such railway passes.

2. Every such justice may deal with all such cases, as though the offence had been committed and the persons taken within the limits of his jurisdiction. 1919, c. 68, s. 451.

*Dismissal.*

Dismissal of constables by judge or magistrate.

**452.** A superior or county court judge or a stipendiary or police magistrate, in any part of Canada, or a judge of the sessions of the peace in the province of Quebec, may dismiss any such constable who is acting within his jurisdiction.

By company or agent.

2. The company, or any clerk or agent of the company, may also dismiss any such constable who is acting on such railway.

Powers to cease on dismissal.

3. Upon every such dismissal, all powers, protection and privileges, which belonged to any such person by reason of such appointment, shall wholly cease.

Reappointment.

4. No person so dismissed shall be again appointed or act as constable for such railway, without the consent of the authority by whom he was dismissed. 1919, c. 68, s. 452.

*Records and Evidence Respecting Appointment and Dismissal.*

Company to record appointments and dismissals with clerk of peace.

**453.** The company shall within one week after the date of the appointment or dismissal, as the case may be, of any such constable appointed at the instance of the company, cause to be recorded in the office of the clerk of the peace for every county, parish, district, or other local jurisdiction in which any such constable is so appointed,

(a) such appointment or a certified copy thereof;
(b) the name and designation of any such constable;
(c) the date of his appointment;
(d) the name of the authority making such appointment; and, in the case of dismissal,
(e) the fact of the dismissal of any such constable;



120476



(f) the date of any such dismissal; and
(g) the name of the authority making such dismissal. 1919, c. 68, s. 453.

Book to be kept by clerk of peace.

**454.** Such clerk of the peace shall keep a record of all such facts in a book which shall be open to public inspection, and shall be entitled to a fee of fifty cents for each entry of appointment or dismissal, and twenty-five cents for each search or inspection, including the taking of extracts. 1919, c. 68, s. 454.

Records as to railway constables to be evidence.

**455.** The records relating to appointments and dismissals of railway constables, required by this Act to be kept by the respective clerks of the peace for the counties, parishes, districts or other local jurisdictions in which such constables are appointed, shall, without further proof than the mere production of such records, be prima facie evidence of the due appointments of such constables, of their jurisdiction to act as such, and of the other facts by this Act required so to be recorded. 1919, c. 68, s. 455.

MISCELLANEOUS.

*Sunday Observance.*

Railway to be subject to provincial legislation in force in 1904.

**456.** Notwithstanding anything in this Act, or in any other Act, every railway, situate wholly within one province of Canada and declared by the Parliament of Canada to be either wholly or in part a work for the general advantage of Canada, and every person employed thereon, in respect of such employment, and every person, company, corporation or municipality owning, controlling or operating the same wholly or partly, in respect of such ownership, control or operation, shall be subject to any Act of the legislature of the province in which any such railway is situate which was in force on the tenth day of August, one thousand nine hundred and four, in so far as such Act prohibits or regulates work, business or labour upon the first day of the week, commonly called Sunday.

Such legislation confirmed.

2. Every such Act, in so far as it purports to prohibit, within the legislative authority of the province, work, business or labour upon the said first day of the week, is hereby ratified and confirmed and made as valid and effectual, for the purposes of this section, as if it had been duly enacted by the Parliament of Canada.

Subsequent legislation may be adopted by proclamation.

3. The Governor in Council may, by proclamation, confirm, for the purposes of this section, any Act of the legislature of any province passed after the tenth day of August, one thousand nine hundred and four, in so far as such Act purports to prohibit or regulate, within the legislative authority of the province, work, business or labour upon



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120477



the said first day of the week; and such Act shall, to the extent aforesaid, be by force of such proclamation, ratified and confirmed and made as valid and effectual, for the purposes of this section, as if it had been enacted by the Parliament of Canada.

Effect of proclamation.

4. Notwithstanding anything in this Act, or in any other Act, every railway, wholly situate within the province, and which has been declared by the Parliament of Canada to be in whole or in part a work for the general advantage of Canada, and every person employed thereon, in respect of such employment, and every person, company, corporation or municipality, owning, controlling, or operating the same wholly or partly, in respect of such ownership, control or operation, shall, from and after such proclamation, be subject to such Act in so far as it has been so confirmed.

Exceptions.

5. Nothing in this section shall apply to any railway or part of a railway

(*a*) which forms part of a continuous route or system operated between two or more provinces, or between any province and a foreign country, so as to interfere with or affect through traffic thereon; or

(*b*) between any of the ports on the Great Lakes and such continuous route or system, so as to interfere with or affect through traffic thereon; or

(*c*) which the Governor in Council by proclamation declares to be exempt from the provisions of this section. 1919, c. 68, s. 456.

*Ascertaining Grand Trunk Pacific Railway Earnings.*

Ascertainment of true net earnings of G.T.P.R.

**457.** In order to ascertain the true net earnings of

(*a*) the Eastern Division of the Grand Trunk Pacific railway, for the purposes of the scheduled agreements referred to in the Act passed in the year one thousand nine hundred and four, chapter twenty-four, intituled *An Act to amend the National Transcontinental Railway Act;* and

(*b*) the Grand Trunk Pacific Railway Company, upon its system of railways, at all times while the principal or interest of any bonds made by the said company and guaranteed by the Government are unpaid by the said company;

Inquiry by Board.

the Board shall, upon the request of the Minister, inquire into, hear and determine any question as to the justness and reasonableness of the apportionment of any through rate or rates between the Grand Trunk Pacific Railway Company and any other transportation company, whether such company is or is not a railway company, or if a railway company, whether it is or not as such subject to the legislative jurisdiction of the Parliament of Canada.



120478



Government interests.

2. In any such determination the Board shall have due regard to the interests of the Government of Canada as owner of the said Eastern Division, and of the Intercolonial Railway, or as guarantor of any such principal or interest, and to the provisions of the National Transcontinental Railway Act, and of the Acts in amendment thereof, and of the said scheduled agreements.

Apportionment.

Net earnings.

3. Although, in any such case, the Grand Trunk Pacific Railway Company has agreed to any apportionment, the net earnings shall be ascertained upon the basis of the receipt by the Grand Trunk Pacific Railway Company of such share of such through rate or rates as, in the opinion of the Board, the said company should have received under a just and reasonable apportionment; and such agreement shall be material evidence only and not conclusive.

Appeal.

4. Either party to any such question may appeal from any such determination to the Supreme Court of Canada. 1919, c. 68, s. 457.

*Regulations and Orders of the Railway Committee of the Privy Council.*

Regulations and orders continued.

1888, c. 29.

**458.** All regulations and orders made by the Railway Committee of the Privy Council, under the provisions of the Railway Act 1888, in force on the first day of February, one thousand nine hundred and four, shall continue in force until repealed, rescinded, changed or varied under the provisions of this Act.

Board may repeal.

2. The Board shall have the like powers to repeal, rescind, change or vary such regulations and orders, as in the case of regulations or of orders which the Board may make under this Act. 1919, c. 68, s. 458.

Existing orders of Railway Committee.

1888, c. 29.

**459.** Notwithstanding the repeal of the Railway Act 1888, the orders of the Railway Committee of the Privy Council in force on the first day of February, one thousand nine hundred and four, may be made rules or orders of the Exchequer Court, or of any superior court of any province in Canada, and may be enforced in all respects, as nearly as may be, in the same manner as provided by this Act, in the case of similar orders by the Board.

Penalties for disobeying.

2. All penalties, forfeitures and liabilities attaching, under this Act, to the violation of any regulation or disobedience to any order of the Board, shall apply and attach to any violation of or disobedience to any regulation or order of the Railway Committee of the Privy Council occurring after the first day of February, one thousand nine hundred and four, in all respects, as nearly as may be, as if such regulation or order of the Railway Committee of the Privy Council were a regulation or order of the Board. 1919, c. 68, s. 459.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I.S.O.4278
120479



Powers of Governor in Council continued.

1888, c. 29.

**460.** The Governor in Council shall continue to have authority and jurisdiction to sanction, confirm, rescind or vary, or to take any other action upon any report, order or decision of the Railway Committee of the Privy Council made before the first day of February, one thousand nine hundred and four, under the Railway Act 1888, in as full and ample a manner as if the said Act had not been repealed and as if this Act had not been passed.

Orders and decisions confirmed.

2. Any order or decision so sanctioned or confirmed shall have the same validity, force and effect as if the said order or decision had been so sanctioned or confirmed prior to the first day of February, one thousand nine hundred and four. 1919, c. 68, s. 460.

OTTAWA: Printed by FREDERICK ALBERT ACLAND, Law Printer to the King's Most Excellent Majesty.



120480

# 18-19 GEORGE V.

## CHAP. 43.

An Act to amend the Railway Act.

[*Assented to 11th June, 1928.*]

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:— R.S., c. 170.

The *Railway Act*, being chapter one hundred and seventy of the Revised Statutes of Canada, 1927, is amended as follows:—

**1.** Section two hundred and sixty-two of the said Act is repealed and the following is substituted therefor:—

Railway Grade Crossing Fund.

"**262.** (1) The sums heretofore or hereafter appropriated and set apart to aid actual construction work for the protection, safety and convenience of the public in respect of highway crossings of railways at rail level shall be placed to the credit of a special account to be known as "The Railway Grade Crossing Fund," and shall (insofar as not already applied) be applied by the Board, subject to the limitations hereinafter set out, solely towards the cost, not including that of maintenance and operation, of actual construction work for the protection, safety and convenience of the public in respect of crossings (railway crossings of highways or highway crossings of railways) at rail level in existence on the first day of April, one thousand nine hundred and nine, and in respect of existing crossings (railway crossings of highways or highway crossings of railways) at rail level, constructed after the first day of April, one thousand nine hundred and nine, provided, however, that the Board shall not apply any moneys out of The Railway Grade Crossing Fund towards the cost of the actual construction work, for the protection, safety and convenience of the public in respect of any existing crossing (railway crossing of a highway or highway crossing of a railway), at rail level, constructed after the first day of April, one thousand nine hundred and nine, unless and except an agreement, approved of by the Board, has been

 entered

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

0 8 4 0 5 1 20481



entered into between the company and a municipal or other corporation or person by which agreement the municipal or other corporation or person has agreed with the company to bear a portion of the cost of the actual construction work for the protection, safety and convenience of the public in respect of such crossing (railway crossing of a highway or highway crossing of a railway), at rail level, constructed after the first day of April, one thousand nine hundred and nine.

Apportionment of money by Board.

(2) The total amount of money, to be applied by the Board out of The Railway Grade Crossing Fund, under the provisions of this section, in the case of any one crossing, where the cost of the actual construction work in providing the protection, safety and convenience for the public does not exceed one hundred thousand dollars, shall not exceed forty per cent of such cost, and the total amount of money, to be applied by the Board out of The Railway Grade Crossing Fund, under the provisions of this section, in the case of any one crossing, where the cost of the actual construction work in providing the protection, safety and convenience of the public exceeds one hundred thousand dollars, shall not exceed forty per cent of such cost, and shall not in any case exceed one hundred thousand dollars.

Provincial contribution to Fund.

(3) In case any province contributes towards The Railway Grade Crossing Fund, the Board may apportion, direct and order payment out of the amount so contributed by such province for the purpose of the said fund, subject to any conditions and restrictions made and imposed by such province in respect of its contribution.

"Crossing" defined.

(4) In this section "crossing," means any railway crossing of a highway, or any highway crossing of a railway, at rail level, and every manner of construction of the railway or of the highway by the elevation or the depression of the one above or below the other, or by the diversion of the one or the other and any other work ordered by the Board to be provided as one work of protection, safety and convenience for the public in respect of one or more railways of as many tracks crossing or so crossed as in the discretion of the Board determined.

Grant for railway level crossings.

(5) The grants or the unexpended portions or moneys thereof made under the provisions of the Acts, chapter thirty-two of the statutes of 1909, chapter fifty of the statutes of 1914, and chapter thirty of the statutes of 1919, of two hundred thousand dollars each year for twenty consecutive years from the first day of April, one thousand nine hundred and nine, may, from and after the passing of this Act, notwithstanding any provision of any of the said Acts, be expended to aid actual construction work for the protection, safety and convenience of the public in respect of crossings (railway crossings of highways or highway crossings of railways) at rail level in existence on the first



120482



day of April, one thousand nine hundred and nine, and in respect of existing crossings (railway crossings of highways or highway crossings of railways) at rail level, constructed after the first day of April, one thousand nine hundred and nine, subject to the terms and conditions in this section contained."

**2.** Subsection one of section two hundred and ninety-five of the said Act is repealed and the following is substituted therefor:—

Printed copy to be posted up.

"**295.** (1) A printed copy of so much of any by-law, rule or regulation, as affects any person, other than the shareholders, or the officers or employees of the company, shall be openly affixed, and kept affixed, to a conspicuous part of every station belonging to the company, so as to give public notice thereof to the persons interested therein or affected thereby.

Publication of by-law for regulation of highway traffic.

Nothing in this subsection contained shall apply to any by-law for the regulation of highway traffic upon or over a railway bridge, public notice of which by-law shall be sufficiently given, to persons interested therein or affected thereby, by the publication thereof in one issue of the *Canada Gazette.*"

OTTAWA: Printed by FREDERICK ALBERT ACLAND, Law Printer to the King's Most Excellent Majesty.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

A84021 120483

# 19-20 GEORGE V.

## CHAP. 54

An Act to amend the Railway Act.

[*Assented to 14th June, 1929.*]

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:— R.S., c. 170.

Railway Act amended.

The *Railway Act*, chapter one hundred and seventy of the Revised Statutes of Canada, 1927, as amended by chapter forty-three of the statutes of 1928, is amended as follows:—

**1.** By inserting the following section immediately after section 41:—

Jurisdiction of Board over tolls on International Bridges.

"**41A.** Notwithstanding anything in any special Act heretofore passed, the Board shall have jurisdiction and control over tolls to be charged in respect of the use for pedestrian, vehicular, tramway, street railway, railway or other like traffic on, over, across or through international bridges owned or operated by any company, and all the provisions of this Act relating to tolls and tariffs shall apply *mutatis mutandis*.

"International bridges" defined.

'International Bridges', for the purposes of this section, shall mean and include bridges or tunnels (including the approaches or facilities connected therewith) over or under any waterway being or running along or across the boundary between the Dominion of Canada and any foreign country."

**2.** Section two hundred and sixty-two of the said Act, as enacted by chapter forty-three of the statutes of 1928, is amended by adding at the end thereof the following subsection:—

Grant for ten years from 1929.

"(6) The sum of two hundred thousand dollars each year for ten consecutive years from the first day of April, one thousand nine hundred and twenty-nine, shall be appropriated and set apart from the Consolidated Revenue Fund of Canada to aid actual construction work for the protection, safety and convenience of the public in respect of



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120484



highway crossings of railways at rail level in accordance with the provisions of this section."

**3.** Subsection one of section three hundred and thirty-six of the said Act is repealed and the following substituted therefor:—

Continuous route in Canada.

"**336.** (1) Where traffic is to pass over any continuous route in Canada operated by two or more companies, the several companies shall agree upon a joint tariff for such continuous route and the initial company or an agent duly authorized by power of attorney of such company, shall file such tariff with the Board and the other company or companies, shall promptly notify the Board of its or their concurrence in such joint tariff."

Joint tariffs shall be agreed upon.

**4.** Subsection one of section three hundred and forty-one of the said Act is repealed and the following substituted therefor:—

Filing and publication of joint tariffs.

"**341.** Joint tariffs shall, as to the filing and publication thereof, be subject to the same provisions in this Act as are applicable to the filing and publication of local tariffs of a similar description, except that joint tariffs may be filed by one agent or company, duly authorized by power of attorney of the initial company. Upon any such joint tariff being so duly filed with the Board, the company or companies shall, until such tariff is superseded by another tariff or disallowed by the Board, charge the toll or tolls as specified therein: Provided that the Board may except from the provisions of this section the filing and publication of any or all passenger tariffs of foreign railway companies."

Proviso.

**5.** Paragraph *(k)* of subsection one of section three hundred and eighty-four of the said Act is repealed and the following substituted therefor:—

Leases and contracts.

"*(k)* the particulars of any lease, contract or arrangement entered into, or at any time having been entered into, and the particulars of any financial or business relations relevant to any matter within the jurisdiction of the Board existing, or at any time having existed between such company and any other company or person; and"

**6.** Subsection two of section three hundred and eighty-four of the said Act is repealed and the following substituted therefor:—

Board may require attendance and production.

"(2) The Board may summon, or require the attendance of and examine under oath, any officer, servant or agent of such company or of any other company within the legislative authority of the Parliament of Canada, or person, as to any matters included in such return. or which were required by



120485



notice aforesaid to be returned to the Board, and as to any matter or thing which, in the opinion of the Board, is relevant to such return, or to any enquiry which the Board deems it expedient to make in connection with any of the matters in this section aforesaid; and for such purposes may require the production to the Board of any books or documents in the control of such company or any such other company, or in the control of any such officer, servant, agent or person."

**7.** Subsection five of section three hundred and eighty-four of the said Act is repealed and the following substituted therefor:—

Board may make information public on notice to company.

"(5) The Board may authorize any part of such information to be made public when, and in so far as, there may appear to the Board to be good and sufficient reasons for so doing: Provided that if the information so proposed to be made public by the Board is of such character that such company or any other company within the legislative authority of the Parliament of Canada would, in the opinion of the Board, be likely to object to the publication thereof, the Board shall not authorize such information to be published without notice to such company, or any such other company, and hearing any objection which such company or any such other company, may make to such publication."

OTTAWA: Printed by FREDERICK ALBERT ACLAND, Law Printer to the King's Most Excellent Majesty.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120486

Blank Page

# 20-21 GEORGE V.

## CHAP. 36.

An Act to amend the Railway Act.

[*Assented to 30th May, 1930.*]

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:— R.S., c. 170.

The *Railway Act*, chapter one hundred and seventy of the Revised Statutes of Canada, 1927, is amended as follows:

**1.** By inserting the following section immediately after section eighty-two:—

"**82A.** Every shareholder shall be entitled to have a certificate of proprietorship signed by the officers designated by the board of directors for the purpose, certifying the number of shares held by him and the class thereof. Where any such certificate is signed by a transfer agent acting on behalf of the company, and by a registrar, the signatures of such officers may be facsimiles engraved, printed or otherwise mechanically reproduced. In case any such officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such before such certificate is issued, it may be issued by the Company with the same effect as if such officer had not ceased to be such at the date of its issue." Signatures on certificates may be facsimiles.

**2.** Subsection one of section two hundred and fifty-five of the said Act is repealed and the following is substituted therefor:—

"**255.** The railway of the company may, if leave therefor is first obtained from the Board as hereinafter authorized, but shall not without such leave, be carried upon, along or across any existing highway: Provided that the compensation, if any, payable by the company to adjacent or abutting landowners shall be determined under the arbitration sections of this Act in so far as such sections are Railway on highway. Leave. Compensation.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Consent of municipality.

applicable, and provided that the Board shall not grant leave to any company to carry any street railway or tramway, or any railway operated or to be operated as a street railway or tramway, along any highway which is within the limits of any city or incorporated town, until the company has first obtained the consent therefor by a by-law of the municipal authority of such city or incorporated town; and provided that where leave is obtained to carry any railway along a highway the Board may require the company to make compensation to the municipality if the Board deems proper, said compensation to be determined under the arbitration sections of this Act, in so far as such sections are applicable."

**3.** Section three hundred and one of the said Act is repealed and the following substituted therefor:—

Bell and whistle.

"**301.** Every locomotive engine propelled on the railway by steam shall be equipped and maintained with a bell of at least thirty pounds weight and a whistle; and every locomotive engine, car or other mechanism, propelled on the railway otherwise than by steam, shall be equipped and maintained with such signalling appliance or appliances as may be approved by the Board."

**4.** Subsection two of section three hundred and fifty-six of the said Act is repealed and the following substituted therefor:—

Sale of goods.

"(2) If the tolls on live animals or goods liable to deteriorate or perish while in the possession of the company are not paid forthwith on demand, or if the tolls on bulk goods, as hereinafter defined, are not paid within two weeks after demand, or if the tolls on any other goods are not paid within four weeks after demand, the company may, without further notice to the consignee or owner advertise and sell the whole or any part of the goods and out of the money realized from such sale retain the tolls payable and all reasonable charges and expenses of such seizure, detention, advertisement and sale. 'Bulk goods' for the purposes of this subsection shall mean and include carload lots of coal, coal products, wood, sand, gravel, brick, scrap metal, and of such other goods as may be approved by the Board."

Application of proceeds.

"Bulk goods" defined.

OTTAWA: Printed by FREDERICK ALBERT ACLAND, Law Printer to the King's Most Excellent Majesty.



120488 197

# 23-24 GEORGE V.

## CHAP. 47.

An Act to amend the Railway Act.

[*Assented to 23rd May, 1933.*]

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:— R.S., c. 170 1928, c. 43; 1929, c. 54; 1930, c. 36.

The *Railway Act*, chapter one hundred and seventy of the Revised Statutes of Canada, 1927, is amended as follows:—

**1.** By inserting the following section immediately after section one hundred and sixty-five:—

Abandonment of operation

"**165A.** The Company may abandon the operation of any line of railway with the approval of the Board, and no company shall abandon the operation of any line of railway without such approval."

OTTAWA: Printed by JOSEPH OSCAR PATENAUDE, Acting Law Printer to the King's Most Excellent Majesty.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120488

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120489

# REPORT
# OF THE ROYAL COMMISSION
TO INQUIRE INTO
# Railways and Transportation in Canada

1931-2

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1932

*Price, 75 cents.*

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

# PUBLIC ARCHIVES
# ARCHIVES PUBLIQUES
## CANADA

T 20490

# REPORT

## OF THE ROYAL COMMISSION

TO INQUIRE INTO

# Railways and Transportation in Canada

---

1931-2

---

OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1932

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

SCAOSI

120491

## TABLE OF CONTENTS


| Paragraph | | Page |
|---|---|---|
| | The Terms of Reference as set out by Order in Council, P.C. 2910, of Nov. 20, 1931 | 5 |
| | The Royal Commission under the Great Seal | 7 |
| 1 | Introduction | 8 |
| | **CHAPTER I** | |
| 3 | Outline of the Development of Transportation in Canada | 9 |
| 29 | Administration, Canadian National Railways 1923–1931 | 13 |
| 36 | Canadian National Financing | 14 |
| 41 | Comparative Earnings | 15 |
| 42 | The Financial Position—both Systems | 15 |
| 44 | Accounting Methods | 17 |
| | **CHAPTER II** | |
| | **Capital Expenditures** | |
| 49 | 1923–1931 inclusive | 19 |
| 50 | Branch Line Expenditure | 19 |
| 55 | Branch Line Construction Policies | 21 |
| 60 | Acquisition of Branch Lines by Purchase | 22 |
| 63 | Hotels | 23 |
| 73 | Coastal Steamship Services | 26 |
| 80 | Increase in Assets and Liabilities | 27 |
| | Condensed Balance Sheets— | |
| 83 | Canadian National | 29 |
| | Canadian Pacific | 29 |
| 84 | Capital Structure, Canadian National Railways | 30 |
| 88 | Growth of the Burden of Taxation | 31 |
| | **CHAPTER III** | |
| | **Field of Railway Operation** | |
| 96 | Mileage | 39 |
| 100 | Traffic Densities | 40 |
| 103 | Duplication of Railway Mileage | 41 |
| 106 | Abandonment Proposals | 42 |
| 110 | The Element of Competition | 42 |
| 115 | Decline in Passenger Traffic | 44 |
| 119 | Passes and Free Transportation | 45 |
| 126 | Operating Efficiency | 46 |
| 137 | Operating Ratios | 49 |
| 142 | Political and Public Pressure | 50 |


53727—1½

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120492

CHAPTER IV

CONTRIBUTORY CAUSES OF THE RAILWAY PROBLEM


| PARAGRAPH | | PAGE |
|---|---|---|
| 156 | Excess Mileage | 53 |
| 157 | Trade Depression | 54 |
| | Competition from other Transportation Agencies— | |
| 158 | (*a*) Road Transport | 54 |
| 171 | (*b*) Aviation | 57 |
| 174 | (*c*) Waterways | 57 |
| 188 | Freight Rates | 60 |
| 190 | Contractual Relations with Labour | 60 |
| | Special Disabilities of the Canadian National Railways— | |
| 192 | (*a*) Excessive Capitalization and Overhead Charges | 60 |
| 193 | (*b*) Physical Disabilities of the National System | 61 |


CHAPTER V

PROPOSALS AND REMEDIES


| | | |
|---|---|---|
| 195 | Plans | 62 |
| 203 | Trustees | 63 |
| 205 | Budget Requirements of System | 64 |
| 207 | Annual Report to Parliament | 64 |
| 208 | Audit | 64 |
| 209 | Chief Operating Officer | 65 |
| 212 | Conference between Boards | 65 |
| 213 | Constitution of the Arbitral Tribunal | 65 |
| 215 | Jurisdiction of Arbitral Tribunal | 66 |
| 220 | Ancillary Services | 67 |
| 223 | Conclusions | 67 |


LIST OF APPENDICES


| | | |
|---|---|---|
| I. | The Development of Transportation in Canada | 70 |
| II. | Motor Vehicles operating on the Highways | 93 |
| III. | List of Railway Officials, Government Representatives, Public Bodies, and individuals appearing before the Commission in the course of its Inquiry | 109 |
| IV. | List of persons and bodies from whom written submissions were received | 113 |


MAPS, DIAGRAMS, GRAPHS


| | |
|---|---|
| Freight Traffic Density Diagram, Railroads of Canada—Graph | 32 |
| Freight Traffic, Railways of Canada, Miles of Road and Net Ton Miles contrasted | 33 |
| Zone 1—Atlantic Coast to Levis | 34 |
| " 2—Quebec to Detroit and Sudbury | 35 |
| " 3—Detroit and Sudbury to Port Arthur | 36 |
| " 4—Port Arthur to Calgary and Edmonton | 37 |
| " 5—Calgary and Edmonton to the Pacific Coast | 38 |
| Small Scale Railway Map of the Dominion | In folder. |
| Freight Traffic Density Diagram, Railroads of Canada—Map | " |
| Graph showing monthly freight handled by all Canadian Railways, 1922-1931, as divided into five standard commodity groups | " |


120493

## ORDER IN COUNCIL P.C. 2910

CERTIFIED *to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on the 20th day of November, 1931.*

The Committee of the Privy Council have had before them a joint report, dated 19th November, 1931, from the Right Honourable Sir George H. Perley, the Acting Prime Minister, and the Minister of Railways and Canals, submitting:

That the Select Standing Committee on Railways and Shipping of the House of Commons of Canada at the recent session of Parliament in its final report, dated July 16, 1931, to the House of Commons, set out amongst other things, as follows:—

> " Your Committee desire to call the attention of the House to the proposal made by Sir Henry Thornton at one of the sessions of the Committee. He referred to the serious position of the transportation business generally and recommended that a commission be appointed for the purpose of considering the whole question of Canadian transportation. Your Committee regard such a recommendation coming from such a source at this time as worthy of the serious consideration of the Government."

Having regard to the vital importance of transportation to the trade and commerce of Canada, the serious and continuing deficits of the Canadian National Railways System, and the diminished revenues of the Canadian Pacific Railway System, conditions which have been brought about in part by duplication of tracks, facilities and services of every kind and in part by competition by other modes of transportation, particularly motor vehicles operating on highways, the Ministers concur with the proposal that the whole subject be studied by Commissioners with the powers hereinafter set forth.

The Ministers, therefore, recommend as follows:—

1. That the Right Honourable Lord Ashfield, of the City of London, Eng.,
   The Right Honourable Lyman Poore Duff, P.C., of the City of Ottawa, in the Province of Ontario,
   Sir Joseph W. Flavelle, Bart., of the City of Toronto, in the Province of Ontario,
   Beaudry Leman, C.E., of the City of Montreal, in the Province of Quebec,
   Leonor Fresnel Loree, C.E., of the City of New York, in the United States of America,
   Walter Charles Murray, LL.D., of the City of Saskatoon, in the Province of Saskatchewan; and
   John Clarence Webster, M.D., of Shediac, in the Province of New Brunswick,
   be appointed Commissioners under Part I of the Inquiries Act, and that the said The Right Honourable Lyman Poore Duff, P.C., be Chairman.
2. That the Commissioners inquire into the whole problem of transportation in Canada, particularly in relation to railways, shipping and communication facilities therein, having regard to present conditions and the probable future developments of the country, and report their conclusions and make such recommendations as they think proper.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120494

3. That the Commissioners shall have all the powers vested in, or which can be conferred on, commissioners under the Inquiries Act, and that all or any of the powers which can be conferred under Part III of the Inquiries Act may be exercised by any three of the Commissioners.

4. That the Commissioners or any three of them shall have power to call before them such persons as they shall judge likely to afford any information on the subject, to call for information in writing and also to call for, have access to and examine all such books, documents and records as may afford the fullest information on the subject, and to inquire of and concerning the promises by all other lawful ways and means whatsoever.

5. That the Departments of the Government Service of Canada and the Board of Railway Commissioners for Canada shall afford the Commissioners and all persons acting under their authority or by their direction, such assistance and co-operation in the matters of the inquiry as the Commissioners may think desirable.

6. That the Commissioners shall report their findings and conclusions with the least possible delay.

7. That a Commission shall issue to the Commissioners in accordance with the terms hereof.

The Committee concur in the foregoing recommendations and submit the same for approval.

(Sgd.) E. J. LEMAIRE,
*Clerk of the Privy Council.*

120495

## THE ROYAL COMMISSION
CANADA

GEORGE THE FIFTH, by the Grace of God of Great Britain, Ireland and the British Dominions beyond the Seas KING, Defender of the Faith, Emperor of India.
To all to whom these Presents shall come, or whom the same may in anywise concern.

GREETING:

WHEREAS pursuant to the provisions of Part I of the Inquiries Act, Revised Statutes of Canada, 1927, Chapter 99, His Excellency the Governor General in Council by Order P.C. 2910 on the twentieth day of November, in the year of Our Lord one thousand nine hundred and thirty-one, copy of which is hereto annexed, has authorized the appointment of Our Commissioners therein and hereinafter named to inquire into the whole problem of transportation in Canada, particularly in relation to railways, shipping and communication facilities therein, having regard to present conditions and the probable future development of the country; and has conferred certain rights, powers and privileges upon Our said Commissioners as will by reference to the said Order more fully appear.

Now know ye that by and with the advice of Our Privy Council for Canada, We do by these Presents nominate, constitute and appoint The Right Honourable Lord Ashfield, of the City of London, England; The Right Honourable Lyman Poore Duff, P.C., of the City of Ottawa, in the Province of Ontario; Sir Joseph W. Flavelle, Bart., of the City of Toronto, in the Province of Ontario; Beaudry Leman, of the City of Montreal, in the Province of Quebec, Civil Engineer; Leonor Fresnel Loree, of the City of New York, in the United States of America, Civil Engineer; Walter Charles Murray, of the City of Saskatoon, in the Province of Saskatchewan, Doctor of Laws; and John Clarence Webster, of Shediac, in the Province of New Brunswick, Medical Doctor, to be our Commissioners to conduct such inquiry.

TO HAVE, hold, exercise and enjoy the said office, place and trust unto the said Lord Ashfield, Lyman Poore Duff, Joseph W. Flavelle, Beaudry Leman, Leonor Fresnel Loree, Walter Charles Murray and John Clarence Webster together with the rights, powers, privileges and emoluments unto the said office, place and trust, of right and by law appertaining, during pleasure.

AND we do further appoint the said The Right Honourable Lyman Poore Duff, P.C., to be Chairman of Our said Commissioners.

AND for greater certainty but not so as to restrict the generality of the foregoing, Our said Commissioners are hereby authorized to engage the services of such accountants, engineers, technical advisers or other experts, clerks, reporters and assistants as they may deem necessary or advisable, and the services of Counsel to aid and assist them in such inquiry.

AND we do hereby require and direct Our said Commissioners to report to Our Governor General in Council their findings and conclusions with the least possible delay.

IN TESTIMONY whereof We have caused these Our Letters to be made Patent and the Great Seal of Canada to be hereunto affixed.

WITNESS: Our Right Trusty and Right Well beloved Cousin and Counsellor, Vere Brabazon, Earl of Bessborough, a Member of Our Most Distinguished Order of Saint Michael and Saint George, formerly Captain in Our Territorial Army, Governor General and Commander-in-Chief of Our Dominion of Canada.

At Our Government House in Our City of Ottawa, this twentieth day of November in the year of Our Lord one thousand nine hundred and thirty-one and in the twenty-second year of Our Reign.

By command,

THOMAS MULVEY,
*Under-Secretary of State.*

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120496

# Report of the Royal Commission to inquire into Railways and Transportation in Canada

## INTRODUCTION

*To His Excellency the Governor General in Council.*

May it Please Your Excellency:

1. We the commissioners appointed to inquire into the problem of transportation in Canada, have the honour to report that, in pursuance of the comprehensive terms of reference contained in the Order in Council, P.C. 2910, of November 20, 1931, we have conducted an inquiry into the pertinent aspects of the transportation situation. The more detailed and searching phase of our investigation has, by reason of the seriousness of railway affairs, concerned itself with the position of the two principal railway companies, whose problems, difficult enough under normal conditions, have been aggravated in recent years by the continued depression in world trade. A factor of growing importance also has been the rapid development of mechanized road transport, which has already deprived the railways of much short distance passenger and freight traffic. Within the limits of recognized constitutional authority in such matters we have given consideration to certain features of that development.

2. In the course of our investigations we have held eighteen sittings, occupying fifty days altogether, and have travelled over most of the main line mileage of the two chief railway systems. Throughout our journeys we were accompanied by the responsible officials of both railways, thus enjoying the advantage of almost constant discussion with them of matters relating to the inquiry, and of transportation problems more particularly affecting the territories traversed. Our itinerary included the principal centres of the various provinces, with the exception of Prince Edward Island, the only province of Canada in which railway competition may be said to be non-existent. In the case of Prince Edward Island the provincial Government kindly indicated their willingness to transmit in writing any representations on the general question of transportation they might desire to make. With this exception we have had the benefit of direct conference with the government of each province, which has included, in most instances, a full statement by the provincial Prime Minister of any considerations of a special or local character affecting the subject of our inquiry. The expositions we have received in this way of provincial policy regarding highway construction and motor traffic have been comprehensive and valuable.

At all of the provincial capitals visited, and also at Vancouver, Calgary, Montreal and Saint John, we have conducted, in addition, public hearings, duly advertised, at which representations from public bodies, labour and transport organizations and private individuals were invited and received. A list of witnesses appearing, and of persons or organizations who have filed submissions, is included as an appendix to our report.



120497

## CHAPTER I

### I. OUTLINE OF THE DEVELOPMENT OF TRANSPORTATION IN CANADA[1]

3. At this time Canada may be said to be completing the first century of the development of its transportation facilities on a commercial scale. By the early thirties of the nineteenth century 6,000 miles of post and military roads were constructed, the Lachine, the Rideau and the Welland canals completed, and the construction of the Cornwall canal begun.

4. These canal developments were the result of the successful application of steam to the purposes of navigation. The use of the steam locomotive made possible the establishment, in 1836, of the first Canadian railway. These early roads and railways in general served territory adjacent to the inland waterways and for many years there existed, during the season of navigation, intense competition between these two agencies of transport.

5. This contest continued for many years, but eventually the waterways became of secondary importance. Now, after a long period of unquestioned supremacy, the railways, in turn, find their sphere of influence challenged by the ubiquitous motor vehicle; at the same time the enlargement of navigation facilities lends renewed importance to our inland waterways as an avenue of commerce.

6. In addition, we are on the threshold of a noteworthy development of aerial activities, which is hastening the exploitation of a rich and largely unprospected hinterland.

7. From the earliest days of settlement in Canada, the governing bodies of the country have spent public moneys, extended public credits, and made grants of publicly-owned lands, to provide or assist in providing water, road and rail transportation facilities.

8. Aids to navigation and the construction of canals and their maintenance have been exclusively a charge upon the public treasury. The use of these navigation facilities has, since 1904, been accorded, free of tolls, to the shipping of all countries. A certain revenue is, however, provided by leases, rentals, wharfage and elevator fees.

9. The promise of railway construction formed an integral part not only of the Confederation arrangement of 1867, but also of the terms upon which Prince Edward Island and British Columbia later entered the Dominion. The obligation to the Maritime Provinces was discharged by building entirely at public cost, the Intercolonial Railway from Halifax, N.S., to the St. Lawrence at Rivière du Loup, by the construction of the Prince Edward Island Railway, and the provision of a train ferry between that Island and the mainland.

10. The agreement to connect British Columbia with Eastern Canada by a railway from the Pacific Ocean was fulfilled by the building of the Canadian Pacific Railway. Failing to interest private capital in this project the Govern-

[1] The development of transportation in Canada, and particularly of the railways, has been influenced to such an extent by considerations broadly political in character that a knowledge of the historical background of Canadian transportation is indispensable to an adequate appreciation of the present situation. Since no history of the subject, at once complete and concise, is publicly available, an historical outline is provided, as a necessary introductory feature, reserving for inclusion as an appendix a more extended and detailed historical treatment of the development of Canadian Transportation as a whole.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120498



ment undertook the work as a public enterprise. Later a syndicate, which afterwards developed into the Canadian Pacific Railway Company, entered into an arrangement with the Government to construct this transcontinental line in ten years, from 1880 to 1890. The agreement provided that the country subsidize the company by a gift of twenty-five million dollars, twenty-five million acres of land, and of the railway lines already constructed with public moneys at a cost exceeding thirty-seven million dollars.

11. The company carried through its undertaking in five years in place of ten, during which time the Government paid the Canadian Pacific $10,189,521 for 6,793,000 acres of land relinquished by the company, and guaranteed securities of the company to an amount of $15,000,000 to assist its finances over a difficult period. The company paid the guaranteed bonds upon maturity, and the country was relieved from the responsibility of the guarantee.

12. Eighteen years after the completion of the Canadian Pacific, Parliament (in 1903) authorized the building of the National Transcontinental Railway from Winnipeg, Manitoba, to Moncton, New Brunswick, as a part of the Grand Trunk Pacific project. In 1911, the construction of the Hudson Bay Railway was undertaken, also as a government enterprise.

The three railways, the Intercolonial (including the Prince Edward Island line), the National Transcontinental, and the Hudson Bay, embodying 4,650 miles, constructed exclusively with public moneys, have been operated by or on behalf of the Government of Canada. While prior to 1917 the Intercolonial in certain years paid operating expenses, the three railways have earned nothing by way of interest upon the total investment, which, together with certain deficits on operation, now total $512,000,000.

13. Some years after the completion of the Canadian Pacific Railway, construction was commenced as a private enterprise, upon a line of railway running from Winnipeg in a northwesterly direction, with Edmonton as its objective, and easterly to Port Arthur, Ontario. This line came to be known as the Canadian Northern Railway. It secured substantial cash subsidies, guarantees and land grants from the Dominion Parliament, provincial legislatures and from municipalities. By 1901, the line had been completed easterly to Port Arthur; and by 1905, westerly to Edmonton, Alberta.

14. In 1903, the Grand Trunk Railway, which had been operating for over fifty years in Ontario and Quebec, and owned direct lines from Ontario through the States of Michigan and Illinois to Chicago, determined to extend its lines to the Pacific coast of Canada. They made application to the federal Government for a charter to construct the Grand Trunk Pacific from Winnipeg to the Pacific coast, and to make connection from Eastern Canada to Winnipeg through the United States by way of the company's Chicago lines, and by securing running rights over United States railways to the border of Manitoba.

15. The application was refused, but an alternative arrangement was proposed by the Government which contemplated the construction of the Grand Trunk Pacific from Winnipeg to the Pacific coast, with an eastern connection to be provided through a publicly-owned (National Transcontinental) line from Winnipeg to Moncton, N.B., via the city of Quebec.

If, in 1903, the Grand Trunk Railway Company in the east, and the Canadian Northern Railway Company in the west, had been told they must come together and constitute a second transcontinental line, the country would not have been called upon to face the present gravely alarming situation, while a powerful corporation, with a serviceable railway from ocean to ocean, owned and operated by private capital, would, with the Canadian Pacific and Intercolonial, have given the needed transportation facilities for the present and reasonable future requirements of Canada.



120499

16. The ultimate decision of Parliament led to two transcontinental railways being constructed in addition to the already established Canadian Pacific Railway:—

The first, by authorizing the construction of the Grand Trunk Pacific Railway from Winnipeg west to the Pacific coast, which was financially assisted by important guarantees by the federal Government, together with the construction of the National Transcontinental Railway from Winnipeg east to Moncton, via the city of Quebec, as a public enterprise at public cost. At Moncton the new line would connect with the Intercolonial, through to Halifax, and also give access to the port of Saint John, N.B.

The second, by authorizing the Canadian Northern Railway (which received substantial cash subsidies from the Dominion Government, and guarantee of securities) to continue its line westerly from Edmonton to the Pacific coast, and to extend its line easterly from Port Arthur through the provinces of Ontario and Quebec.

Thus there developed by the authority of the Parliament of Canada, the tragedy of three transcontinental railways (providing, with branches, over four thousand miles of unnecessary lines), when two were all the business of Canada required or could support.

17. The outbreak of war in 1914 found the uncompleted transcontinental lines in serious financial difficulties. In the interval between 1914 and 1916 substantial amounts by way of direct loans and the guarantee of securities were obtained from the Dominion Government. In 1916 the position of the railways was such that the Government appointed a Royal Commission to inquire into the general problem of transportation in Canada, with particular reference to the status of each of the three transcontinental railways, the question of their reorganization, or their possible acquisition by the State.

18. The Royal Commission issued its report in 1917, and a majority of the Commissioners recommended that the control of the Canadian Northern, the Grand Trunk and the Grand Trunk Pacific railways, together with that of the original government lines, be transferred to a new body to be known as the Dominion Railway Company, and to be operated "as one united system on a commercial basis under their own politically undisturbed management, on account of, and for the benefit of, the people of Canada".

19. Before these recommendations had the consideration of Parliament, the affairs of the Canadian Northern became critical. The Dominion Government having already provided, or assumed responsibility for, the bulk of the capital of that company, determined to acquire the property as recommended by the Royal Commission. At that time the Government owned 40 per cent of the Canadian Northern common stock, acquired in return for subsidies and guarantees of securities, and in November, 1917, legislation authorizing the purchase of the remaining 60 per cent of the common stock was adopted by Parliament. Arbitrators were appointed to determine the value of these remaining shares, but a limit was set by Parliament of $10,000,000. Although the arbitrators awarded a somewhat higher amount the sum paid was $10,000,000.

20. The Government, also as recommended by the Royal Commission, declined to release the Grand Trunk from its Grand Trunk Pacific obligations and opened negotiations, early in 1918, for the acquisition of both properties. The proposed basis was that the Dominion Government should assume all of the liabilities and obligations of both companies and pay to the Grand Trunk Railway in perpetuity an annual sum equal to the average dividends of the previous ten years. This arrangement was not accepted by the Grand Trunk Railway and negotiations were in progress when, in March, 1919, the Grand Trunk Pacific found itself unable to carry on, and, its parent company, the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120500



Grand Trunk Railway Company, being unable to provide the necessary financial assistance, operation of the railway was continued by the Canadian Northern Board acting on behalf of the Minister of Railways as Receiver of the Grand Trunk Pacific Railway Company. The Canadian Northern Board was at that time operating the original government railways under the title "Canadian National Railways."

21. In October, 1919, the Government agreed to become responsible in perpetuity for the dividends on certain Grand Trunk debenture and guaranteed stocks, and to acquire, at a valuation to be determined by arbitration, the preference and common shares. The arbitration was concluded in September, 1921, and the majority of the arbitrators decided that the preference and common shares of the Grand Trunk Railway had "no value."

22. The effect of these acquisitions was to make the country responsible for the ownership and operation of more than 22,000 miles of railway, including the National Transcontinental and Intercolonial railways. Since then various railway lines, chiefly in Quebec, Nova Scotia and New Brunswick, have been purchased which, together with the construction of branch lines in the Prairie Provinces and elsewhere, has increased the mileage owned and operated by the Government to 23,880 miles.

23. In 1923, these publicly-owned railway properties, together with certain subsidiary corporations, were included in the Canadian National Railway System, under the control and direction of a President and Board of Directors appointed by the Governor General in Council.

24. The Dominion Parliament has voted unstinted financial support to the administrators of the National System. Not only have the requisitions of the Board of Directors been freely met, but the management have from time to time recommended, the Government has approved, and Parliament has authorized and directed the construction of additional branch lines and the purchase of more or less bankrupt lines.

25. As a result, the Canadian Pacific Railway Company, the largest taxpayer in Canada, has been subjected to the competition of publicly-owned and operated railway lines, supported by the financial resources of the country. They had honourably discharged their original contractual obligations with Parliament, and the company's lines had played a great part in binding together the western and eastern provinces of the Dominion. By common consent, the company's administrators had brought faith, courage and invincible energy to the task of building its lines through the undeveloped west. The company's achievement commanded the admiration of both railway operators and the public, and has been a material factor in causing Canada to be favourably known upon three continents. Their operations brought profit to shareholders, and the enterprise became a national asset of acknowledged value and importance to the Dominion.

26. Confronted with the unrestrained competition of the publicly-owned railway, the Canadian Pacific claimed that to protect their business it was necessary that they should meet their competitors in the construction of branch lines in the prairie sections, and generally in the character of service and equipment incident to the activity of their aggresive rival.

27. If good sense had prevailed the executive officers of the two systems would, in 1923, have planned together to meet the transportation requirements of the country, and would have refused to promote or permit irrational and wasteful competition. Irrational competition in branch line construction, and in widely varied services, developed and intensified inherently unhealthy operating conditions in the Canadian National Railways, incident to ownership and operation of one unrequired transcontinental line. These conditions, with

120501



the unexpected severity of a long period of depression, and consequent reduction in tonnage and passengers available for both railways, have imposed upon the Canadian public, as owners of the National System, capital expenditures and losses of great magnitude, and have caused anxiety and deep concern to the holders of securities of the Canadian Pacific Company.

28. Government ownership of railways on a large scale as a national policy was not contemplated or planned by any Government and was not submitted for adoption to the people of Canada. But when in 1917, the Government refused to permit the Canadian Pacific Railway Company to negotiate for the majority shares of the Canadian Northern, there was practically no escape from Government ownership of all the railways now comprised within the Canadian National Railway System. The consequent completion and operation of the hitherto privately-owned and operated lines with the publicly-owned railways followed as a matter of course. Thus by a combination of contractual obligations and parliamentary measures, the country was projected into the railway business on a large scale.

## II. ADMINISTRATION, CANADIAN NATIONAL RAILWAYS, 1923-1931

29. As will be seen from the preceding outline of their development, the Canadian National and the Canadian Pacific Railway systems were established under wholly different conditions. In comparing the results of the operations of the two companies, this important difference should at all times be kept in mind.

30. The Canadian Pacific Company has been developed as a single, unified system. The mileage added has been complementary to existing mileage.

31. The Canadian National Railway, on the other hand, represents for the most part the consolidation of lines that were constructed by private companies and which were, in many respects, competitive systems. Hence there came to be included within the consolidated system extensive track mileages which are duplications. This applies not only to the main line, but to branch lines. In short, while the mileage of the Canadian Pacific has been complementary, the Canadian National system, developed under different conditions, has been handicapped by heavy mileage of non-complementary lines, and the elimination of these duplications has yet to be accomplished.

32. Following upon the consolidation of many lines into the Canadian National system, in 1923, the railway has been energetically administered, and has deservedly won approval by its success in welding together the various working forces of the separate companies in the consolidated system.

33. Running through its administrative practices, however, has been the red thread of extravagance. The disciplinary check upon undue expenditure, inherent in private corporations because of their limited financial resources, has not been in evidence. Requisitions of the management have been endorsed by governments, and successive parliaments have voted money freely, if not lavishly.

34. Within the railway organization there has been freedom in expenditure and encouragement in plans for expansion and extension of services which were inconsistent with prudent administrative practice. The administration failed to realize that this country, with the greatest railway mileage in the world in relation to population, could not afford further capital and maintenance expenditures for unwarranted branch lines, for de luxe services, for unrequired hotels, for the building of ships in competitive service to be shortly abandoned; and, generally, for costly adventures in competitive railways out of proportion to the needs of the country.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

1-20502

35. There has been in the country a general sense of expectancy that the publicly-owned enterprise should give all and sundry the railway service desired, and there is no evidence that the representatives of the people in Parliament exercised any appreciable restraint upon railway estimates placed before them.

## III. CANADIAN NATIONAL FINANCING

36. The cash outlay of the Dominion Government and the guarantee of securities for the railways now comprising the Canadian National System had, up to December 31, 1931, amounted to $2,536,665,089. This sum includes amounts expended on the Eastern Lines of the Canadian National System and on the Hudson Bay Railway, a Government enterprise which is operated by the Canadian National management on behalf of the Government.

| | | |
|---|---|---|
| *(a) Cash* Outlay— | | |
| Investment in Government Railways | $ 390,751,676 | |
| Deficits of Government Railways (to December 31, 1922) | 52,900,955 | |
| Working capital for Government Railways | 15,748,922 | |
| Cash subsidies to Railways | 44,055,120 | |
| Cash loans to Canadian National System (in which are included operating deficits) | 639,414 489 | |
| Deficits on Eastern Lines (excluding 20% reduction account Maritime Freight Rates) | 26,081,222 | |
| Acquisition of Canadian Northern stock | 10,000,000 | |
| Other payments | 22,508,815 | |
| | | $ 1,201,461,199 |
| *(b) Credit:* Liabilities outstanding— | | |
| Guarantees of Railway securities | $ 970,562,290 | |
| Unguaranteed (nominally) Canadian National Railways securities | 305,894,917 | |
| Liabilities of Northern Alberta Railways | 10,000,000 | |
| | | $ 1,286,457,207 |
| Total, Railways now comprising Canadian National System | | 2,487,918,406 |
| Hudson Bay Railway and Terminals | | 48,746,683 |
| Grand total | | $ 2,536,665,089 |

37. It will be observed that the Dominion Treasury has expended on or furnished to these publicly-owned railway properties cash amounting to one billion two hundred and one millions of dollars ($1,201,000,000) exclusive of the Hudson Bay Railway.

38. The Treasury has charged, but has not received from the Canadian National Railways, simple interest upon its cash loans. There is no reason to believe that the capital sum will ever be repaid, or that it will have at any time a realizable value.

39. The Dominion Treasury is also liable for payment of the guaranteed interest upon $970,562,290 of bonds, as well as the principal sum at maturity. In addition, by provision for deficits and refunding, it accepts liability for the interest upon and principal sum of $315,894,917 of bonds in the hands of the public, which, though not specifically guaranteed, are, in effect, a liability of the Government, as the bonds are secured by mortgage upon lines which are a necessary part of the National System.

40. In the absence of net revenue sufficient to cover the interest charges (amounting in 1931 to approximately $56,000,000) upon the securities in the hands of the public, the country must continue to advance the cash necessary to pay the unearned interest. The country must also provide the cash necessary to meet all maturing obligations and all capital expenditures for additions, betterments and new equipment.



1-20503

## IV. COMPARATIVE EARNINGS

41. A comparison of the earnings of these two transcontinental systems for nine years (1923-1931 inclusive) is herewith set up:—

| — | Canadian National | Canadian Pacific |
|---|---|---|
| Mileage | 23,880 | 16,886 |
| REVENUE | | |
| Transportation of— | | |
| Freight | $ 1,714,051,687 | $ 1,278,281,397 |
| Passengers | 321,530,922 | 303,421,444 |
| Mail | 33,158,717 | 34,177,966 |
| Express | 124,337,077 | 97,887,917 |
| Other services, including telegraph, storage, freight, and baggage, demurrage, switching, etc | 144,715,491 | 172,034,966 |
| *Total Operating Revenue* | $ 2,337,793,894 | $ 1,885,803,690 |
| DEDUCT OPERATING EXPENDITURES | | |
| Maintenance of roadway and structures | $ 433,085,344 | $ 279,021,976 |
| Maintenance of rolling stock | 449,367,762 | 319,010,624 |
| Sundry Traffic Expenses, solicitation of business, publishing and filing tariffs, etc | 66,025,579 | 54,375,038 |
| Transportation Expenses, including wages of train crews, locomotive fuel, services at stations, etc | 1,023,650,171 | 745,349,913 |
| Miscellaneous operations, including dining service, grain elevator operation, etc | 21,913,637 | 32,996,863 |
| General Expenses, including salaries and expenses of officers and clerks, etc., legal expense, etc | 73,162,366 | 43,170,152 |
| Less Credit for that portion of these expenses incurred in making improvements, trains carrying construction materials, etc | 10,622,812 | 705,838 |
| Total Operating Expenses | $ 2,056,582,047 | $ 1,473,218,728 |
| *Operating Surplus* | $ 281,211,847 | $ 412,584,962 |
| EXPENDITURES DEDUCTED FROM OPERATING SURPLUS | | |
| Taxes | 45,426,397 | 47,980,820 |
| Uncollectable revenue written off | 441,313 | Dr. 293 |
| Rentals for rolling stock hired less rentals received from others | Dr. 23,794,451 | Cr. 15,443,971 |
| Rentals paid less rentals received in connection with properties used jointly with other carriers | Cr. 576,417 | 271,936 |
| Total Expenditures from Operating Surplus | $ 70,241,578 | $ 32,265,206 |
| Net Railway Operationg Income | 210,970,269 | 380,319,756 |
| *Add* Net Income from properties not part of Transportation plant, but connected thereto, e.g., telegraphs, hotels, steamships, etc., also adjustments which affect the Income of the Period; and Canadian Pacific Railway pensions (included by Canadian National Railway in General Expense) | $ 8,759,749 | $ 54,698,993 |
| Amount available for payment of interest and dividends | $ 219,730,018 | $ 435,018,749 |
| Interest paid on securities in hands of public | $ 387,782,775 | $ 122,138,771 |
| Discount on securities not cleared | $ 14,389,776 | |
| Deficit | $ 182,442,533 | |
| Surplus available for Dividends | | $ 312,879,978 |

## V. THE FINANCIAL POSITION—BOTH SYSTEMS

42. Net income available for interest and dividends is the significant factor in the economic life of a railway system. In the case of the two Canadian railways there has been a marked fall in net income in the years since 1928. That the true picture may appear, figures are appended for the nine-year period 1923 to 1931 inclusive. These show in separate columns the net earnings from rail-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120504

way operations after taxes have been met, the net income receivable after charges for hire of equipment, joint agreements, etc., had been met, and, finally, the interest demands.

The Canadian Pacific, in 1923 and for some years thereafter, was in a strong position in this respect, as the following statement shows:—

| Year | Railway Operating Income | Net Income | Interest |
|---|---|---|---|
| 1923 | $ 34,377,815 | $ 45,394,457 | $ 10,950,933 |
| 1924 | 33,947,358 | 43,378,187 | 11,502,733 |
| 1925 | 40,466,752 | 47,832,609 | 11,912,414 |
| 1926 | 46,481,423 | 52,670,173 | 12,321,890 |
| 1927 | 42,195,457 | 48,008,141 | 13,107,790 |
| 1928 | 55,527,884 | 61,864,295 | 13,007,722 |
| 1929 | 47,454,900 | 55,573,280 | 13,800,618 |
| 1930 | 37,935,359 | 52,467,008 | 16,769,154 |
| 1931 | 26,216,901 | 30,267,126 | 18,765,517 |

During these years dividends on preferred and common shares totalling $278,941,381 were paid and $36,375,124 added to surplus. In these figures, however, are included Special Income from Steamships, Lands, Mines and other investments amounting to $65,382,600. It was not until 1931 that the decline in net income, coupled with the increase in interest charges on the funded debt, began to give concern by leaving an insufficient margin for dividends.

43. The reduction in net income from the peak of 1928 was more pronounced in the case of the Canadian National Railways, as will appear from the following:—

| Year | Railway Operating Income or Deficit | Net Income or Deficit | Interest due Public |
|---|---|---|---|
| 1923 | $ 17,082,972 | $ 13,501,649 | $ 35,041,380 |
| 1924 | 13,236,871 | 14,772,328 | 38,361,704 |
| 1925 | 28,746,699 | 30,443,853 | 40,438,235 |
| 1926 | 42,215,214 | 41,586,242 | 39,197,233 |
| 1927 | 36,712,344 | 36,325,419 | 40,526,096 |
| 1928 | 49,557,977 | 44,449,780 | 41,810,879 |
| 1929 | 36,370,098 | 32,095,275 | 45,503,979 |
| 1930 | 16,045,379 | 15,730,227 | 51,316,121 |
| 1931 | (Deficit) 4,626,419 | (Deficit) 5,282,650 | 55,587,145 |

From the foregoing it will be noted that the increasing demands for interest upon income account added greatly to the embarrassment of the Canadian National net position, whereas the reverse was the case with the Canadian Pacific, whose income from subsidiary sources was available to augment the net earnings. It will also be observed that the decline in the net income of the Canadian Pacific between 1928 and 1931 was only $31,597,169, whereas that of the Canadian National declined by $49,732,430. On the other hand, the interest charges of the Canadian Pacific over the same period increased by $5,757,795, while those of the Canadian National increased by $13,776,266.

Taking the years 1923 and 1931 of the nine-year period, the drop in net income in the case of the Canadian Pacific was $15,127,331 and of the Canadian National, $18,784,299. The interest charges grew from $10,950,933 to $18,765,517 over the same period in the case of the Canadian Pacific, and from $35,041,380 to $55,587,145 in the case of the Canadian National. The latter sum is the interest due the public only by the Canadian National and does not take in account advances from the Government, the interest on which in 1931

120505



amounted to an additional $32,643,624. In 1923 the interest on loans and advances from the Government amounted to $30,157,943. Since reorganization there has been an increasing reliance upon railway borrowings under Government guarantee, and a lessening of cash loans from the public treasury.

The losses of the National System during the period 1923-1931 were:—

| | |
|---|---|
| Excess of interest due public over Net Income | $ 168,052,757 |
| Interest on Government Loans | 288,010,438 |
| | $ 456,063,195 |

In arriving at this amount, and in accordance with established practice, no account is taken of interest on the capital investment in the Canadian Government Railways (i.e. the Intercolonial and National Transcontinental lines), nor have depreciation reserves been set up except in the case of lines operated in the United States.

## VI. ACCOUNTING METHODS

44. In connection with the foregoing statement of operating results, and also with respect to the comparative statement of capital expenditures which is to follow, it is necessary to make reference to certain differences in accounting methods of the two companies.

The accounting practice relative to new equipment differs. The Canadian National charges the entire cost of new equipment to its investment account. The Canadian Pacific charges part of the cost to a reserve account built up from its operating revenues, and the balance to its investment account. With both companies maintenance of equipment including major repairs and retirements of equipment are charged to current operating expenses. Since 1930 the practice of the Canadian Pacific has been uniform with that of the Canadian National in charging the entire cost of new equipment to its investment account.

45. Neither company provides reserves for depreciation for its Canadian lines; no depreciation is provided for in connection with telegraphs, hotels, steamships, or for rolling stock and other property of subsidiaries.

In the United States both railways follow the practice of setting up depreciation on equipment as prescribed by the Interstate Commerce Commission.

46. With the exception of provision for depreciation the Interstate Commerce Commission classification of accounts is followed by the Canadian National in its books, and in the form of its annual report. The Canadian Pacific, in setting up its accounts, does not follow the Interstate Commerce Commission classification, though it is claimed for the Canadian Pacific Railway that the classification is substantially the same, and that in all ordinary distribution of accounts there would be no major differences. But as regards Telegraphs, Express, Steamships and Pensions the Canadian Pacific has followed one method and the Canadian National another.

47. In the annual returns to the Bureau of Statistics of the Dominion both companies are obliged to follow a standard classification of railway accounts laid down by the Bureau. The form of return, while in general similar to that required by the Interstate Commerce Commission, does not include provision for depreciation reserves.

48. In our analysis of the Canadian National Railway accounts it has been necessary to recast the operating figures since 1927 to include the Eastern Lines with the System figures.

The Maritime Freight Rates Act of 1927, as applied to the Canadian National Railways accounts, results in the exclusion of all operations of the company east of Levis from the System figures and the production of a separate operating return.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120506



No good purpose is served by such a division in the accounts, and a great deal of confusion arises through the present method of presenting two separate deficits.

This commission is of the opinion that the Maritime Freight Rates Act should be applied to the Canadian National Railways in a similar manner to that of other railways within the territory described in the Act, and that steps should be taken to provide for the inclusion of Canadian National Eastern Lines operating accounts as part of the System accounts, so that the Canadian National Income Deficit shall be all-inclusive.

120507

# CHAPTER II

## CAPITAL EXPENDITURES

49. From the following statement of capital expenditures it will be seen that, in the nine-year period 1923-1931 inclusive, the investment account of the two systems was increased by $805,122,311. This amount includes the construction and acquisition of branch lines, terminal developments, additions and betterments to roadways, improvements to rolling stock, and river services, coastal services, hotels, telegraphs and, in the case of the Canadian Pacific, ocean steamships. Of this total the Canadian National expended $456,345,456, and the Canadian Pacific, $348,776,855.

### I. CAPITAL EXPENDITURES, 1923-1931

| — | Canadian National | | Canadian Pacific |
|---|---|---|---|
| | $ | $ | $ |
| 1. New lines constructed or acquired : | | | |
| a. In Canada | 89,908,940 | | 70,414,666 |
| b. In United States | 2,127,940 | | |
| | | 92,036,880 | |
| 2. Montreal Terminal Development (Chapter 12, 1929) | | 14,636,877 | |
| 3. Additions and betterments to Roadway— | | | |
| Canada | 108,745,244 | | 79,605,428 |
| United States Lines | 33,766,047 | | |
| Central Vermont | 7,431,807 | | |
| Separately operated railways | | | 4,630,304 |
| Total additions and betterments to roadway | | 149,943,098 | 84,235,732 |
| 4. Rolling Stock— | | | |
| Canada | 120,873,277 | | 65,964,010 |
| United States Lines | 7,319,141 | | |
| Central Vermont | 4,802,403 | | |
| | | 132,994,821 | |
| 5a. Lake and River Services— | | | |
| Canada | 2,639,143 | | 178,254 |
| United States Lines | 1,960,151 | 4,599,294 | |
| 5b. Railway Telegraphs— | | | |
| Canada | 1,831,291 | | |
| U.S. Lines | 545,868 | | |
| | | 2,377,159 | |
| Total rail and Inland Water Lines | | 396,588,129 | 220,792,662 |
| 6. Investment in railways jointly owned by the two systems | | 17,935,558 | 16,559,800 |
| 7. Coastal Services | | 7,201,117 | 6,339,304 |
| 8. Hotels | | 22,153,824 | 46,887,999 |
| 9. Commercial Telegraphs | | 5,960,760 | 6,187,007 |
| 10. Investments in other companies | | 6,506,068 | 1,738,747 |
| Total | | 456,345,456 | 298,505,519 |
| 11. Ocean Steamships | | | 50,271,336 |
| | | 456,345,456 | 348,776,855 |

### II. BRANCH LINE EXPENDITURE

50. An outstanding feature of this large expenditure is the amount spent on branch lines. The two railways expended, during the nine-year period, $162,451,546 in the construction and acquisition of branch lines totalling 5,018·60 miles. A policy of co-operation would have avoided a considerable



53727—2½

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120508



part of this expenditure, probably one-third. This mileage is equivalent to the provision of a line of railway extending from Halifax to Vancouver and back again to the Manitoba boundary.

This branch line expenditure may be summarized as follows:—

| — | Construction | Acquisition | Total |
|---|---|---|---|
| Canadian National Railways | $ 73,256,570 | $ 18,780,309 | $ 92,036,879 |
| Canadian Pacific Railway | 65,067,288 | 5,347,378 | 70,414,666 |
| Total | $ 138,323,858 | $ 24,127,687 | $ 162,451,545 |

MILEAGE INVOLVED

| | | | |
|---|---|---|---|
| Canadian National Railways | 1,895·33 | 649·87 | 2,545·20 |
| Canadian Pacific Railway | 2,265·9 | 207·5 | 2,473·4 |
| Total | 4,161·23 | 857·37 | 5,018·60 |

51. The foregoing statement does not take into account the acquisition, in 1929, on joint account for the two systems, of the Northern Alberta railways from the Alberta provincial government, comprising 915 miles of line, and costing $30,000,000.

52. Canadian National expenditures by provinces for lines constructed were as follows:—

| | |
|---|---|
| Nova Scotia | $ 3,755,699 |
| Prince Edward Island | 367,708 |
| Quebec | 9,056,573 |
| Ontario | 3,413,313 |
| Manitoba | 9,862,746 |
| Saskatchewan | 30,803,441 |
| Alberta | 8,658,296 |
| British Columbia | 5,210,854 |
| | $ 7,128,630 |
| Michigan (U.S.A.) | 2,127,940 |
| Total Expenditure | $ 73,256,570 |

53. Branch line expenditures by the Canadian Pacific, 1923-1931, by provinces, were:—

| | |
|---|---|
| Quebec | $ 3,971,062 |
| Ontario | 633,486 |
| Manitoba | 72,225 |
| Saskatchewan | 38,694,673 |
| Alberta | 18,135,401 |
| British Columbia | 3,560,441 |
| Total Expenditure | $ 65,067,288 |

120509



## III. COSTS OF BRANCH LINE CONSTRUCTION

| — | Canadian National | | Canadian Pacific | |
|---|---|---|---|---|
| | Miles | Average cost per mile | Miles | Average cost per mile |
| Lines under construction January 1, 1923, placed in operation 1923-31 | 319·21 | $ 40,214 | 324·1 | $ 35,470 |
| Lines started subsequent to January 1, 1923, placed in operation 1923-31 | 1,077·42 | 48,396 | 1,516·4 | 31,763 |
| Lines under construction, December 31, 1931 | 498·70 | 51,640 | 425·4 | 30,229 |
| Total | 1,895·33 | $ 47,872 | 2,265·9 | $ 32,005 |

Excess cost Canadian National construction, 1,895·33 miles, at $15,867 per mile ..... $ 30,073,201

54. It will be observed that the average cost per mile in the case of the Canadian National has shown a progressive increase rising from $40,214 to $51,640 over the period, while the average cost per mile of the Canadian Pacific over the same period has declined from $35,470 to $30,229. The cost of individual branch lines varies not only as between the two systems but as between branches of the same system; nevertheless, a majority of the lines were built in similar territory for like purposes. This difference in costs represents an addition to the annual interest charge of almost $800 per mile.

## IV. BRANCH LINE CONSTRUCTION POLICIES

55. Canadian railway development during the past decade has consisted almost entirely of the construction of branch lines and both companies have followed practically the same policy. Your commissioners have questioned the representatives of both lines as to justification for the construction or acquisition of this additional mileage. The explanations given are not such as to convince us that this policy has been sound or wise.

56. On behalf of the Canadian Pacific it was stated that the company had been forced to anticipate the building of branch lines, the construction of which might have been deferred without injury to the public, and that protective lines had had to be projected under a threat of invasion by the Canadian National.

57. The Canadian National stated that to refrain from branch line construction would result in the system being deprived of any opportunity for reasonable and proper development. Strategic territories, contiguous to their main lines, would be entered by their rival and, while admitting that they entered upon the construction of lines not immediately required, they defended this policy on the ground that to open up new territory in anticipation of settlement and immigration, and to maintain the company's relative position with regard to the rival transport enterprise, was in the long run justified.

58. To sum up, it is clear that there was intense rivalry between the two systems in new territory, particularly in the provinces of Saskatchewan and Alberta. The construction program of one company was responded to by an equal or greater program of construction of the other. The development of this territory did not meet expectations, and the railways now find themselves with additional traffic mileage and an increased burden of capital charge.

59. It would be fruitless at this stage to apportion the blame for the competition in branch line construction, but there is no doubt as to the disastrous effects of this competition, and it is imperative that conditions be imposed that will make impossible a repetition of the rivalry in the extension of railway mileage that marked the period from 1923 to 1931.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120510



## V. ACQUISITION OF BRANCH LINES BY PURCHASE

60. In 1914, the Government acquired the New Brunswick and Prince Edward Island Railway. This railway was necessary to provide a connection for the Prince Edward Island train ferry. In 1916, the Quebec and Saguenay Railway was added to the Government railways. Between 1918 and 1920, nine other short railways were acquired by the Government, making altogether an addition of eleven short railways to the Government railways. In 1929, a further six short railways in Eastern Canada were taken over by the Canadian National Railways. The total cost of these railways, including the amounts spent on betterments and improvements, amounts to approximately $35,000,000.

RAILWAYS TAKEN OVER BY THE GOVERNMENT

| | | | |
|---|---|---|---|
| Prior to 1918— | | | |
| Cost | | $ 3,759,313 | |
| Rehabilitation | | 5,800,373 | |
| | | | $ 9,559,686 |
| 1918 to 1920— | | | |
| Cost | | $ 3,809,472 | |
| Rehabilitation | | 2,832,187 | |
| | | | 6,641,659 |
| Total | | | $ 16,201,345 |

RAILWAYS TAKEN OVER BY THE CANADIAN NATIONAL RAILWAYS

| | Miles | | | Cost per mile |
|---|---|---|---|---|
| Inverness Railway | 60·79 | | | |
| Cost | | $ 375,000 | | |
| Rehabilitation | | 243,396 | | |
| | | | $ 618,396 | $ 10,173 |
| Kent Northern | 26·75 | | | |
| Cost | | 60,000 | | |
| Rehabilitation | | 71,498 | | |
| | | | 131,498 | 4,916 |
| Gaspe Lines | 202·38 | | | |
| Cost | | 3,500,000 | | |
| Rehabilitation | | 487,581 | | |
| | | | 3,987,581 | 19,703 |
| St. John and Quebec Railway | 158·27 | | | |
| Cost | | 6,000,000 | | |
| | | | 6,000,000 | 37,910 |
| Quebec, Montreal and Southern | 191·02 | | | |
| Cost | | 5,920,361 | | |
| Rehabilitation | | 844,271 | | |
| | | | 6,764,632 | 35,413 |
| Montreal Tram Lines | 10·68 | | | |
| Cost | | 1,278,202 | | |
| | | | 1,278,202 | 119,682 |
| Total | 649·89 | | 18,780,309 | |
| Grand total | | | $ 34,981,654 | |

61. In explaining the 1929 acquisitions it was stated by representatives of the Canadian National Railways that the "technical" recommendation to purchase came from the Canadian National management but that, with regard to some of them, it was recognized that they were not of advantage from a strictly railway point of view. All of them were, however, in a territory served by the Canadian Government Railways and were natural adjuncts to that system. It was also stated that the service on these short lines under private ownership had been, for the most part, unsatisfactory, and that this led to a strong public demand that the Government should take over the railways. This agitation finally resulted in the lines being taken over, although it was admitted that the condition of these roads and their earning power were such that they must be a burden on the railway system. The recommendation of the

120511



management is understandable under the circumstances, but the commission believes that it would have been better had the Government assumed this burden directly and thus avoided saddling the railways with capital charges and operating expenses resulting from the purchase of railways based solely on a public policy.

62. During the years 1923 to 1931 the Canadian Pacific also took over four short lines, two in Western and two in Eastern Canada. The cost of these acquisitions was:—

| | Miles | | Cost per mile |
|---|---|---|---|
| Algoma Eastern Railway | 86·1 | $ 3,462,500 | $ 40,215 |
| Hereford Railway | 22·5 | 46,378 | 2,061 |
| Lacombe and Northwesterly Jackson-Breton | 72·0 | 1,773,700 | 24,635 |
| Manitoba Great Northern | 26·9 | 64,800 | 2,409 |
| Total | 207·5 | $ 5,347,378 | |

## VI. HOTELS

63. The Canadian National and the Canadian Pacific Railways own twenty hotels and twelve summer resorts, and are financially interested in a number of other hotels and pleasure resorts. In the case of the Canadian National the hotels and resorts are operated as part of the railway organization; in the case of the Canadian Pacific they are separate organizations.

64. The Canadian National hotel investment, at December 31, 1931, amounted to $31,828,234, and the Canadian Pacific, $71,148,772, a total of $102,977,006.

65. The following statements show the total investment in hotels at December 31, 1922, and also the investment at December 31, 1931. It will be seen from this statement that the Canadian National increased its investment in hotels during that period by 229 per cent and that the Canadian Pacific increased its investment by 193 per cent.

HOTEL INVESTMENT ACCOUNT—CANADIAN NATIONAL RAILWAYS

| | As at December 31 | | Increase during Period |
|---|---|---|---|
| | 1922 | 1931 | |
| | $ | $ | $ |
| Charlottetown, Charlottetown, P.E.I | | 853,351 | 853,351 |
| Pictou Lodge, Pictou, N.S | | 200,554 | 200,554 |
| Nova Scotian, Halifax, N.S | | 2,440,928 | 2,440,928 |
| Chateau Laurier, Ottawa, Ont | 2,608,636 | 8,639,247 | 6,030,611 |
| Highland Inn and Camps, Algonquin Park, Ont | 179,515 | 173,334 | 6,181 (Dec.) |
| Minaki Lodge, Minaki, Ont | | 1,090,668 | 1,090,668 |
| Nipigon Lodge, Lake Nipigon, Ont | 24,086 | 37,639 | 13,553 |
| Prince Arthur, Port Arthur, Ont | 1,098,090 | 1,177,349 | 79,259 |
| Prince Edward, Brandon, Man | 499,472 | 523,080 | 23,608 |
| Fort Garry, Winnipeg, Man | 2,754,004 | 2,886,818 | 132,814 |
| Grand Beach, Lake Winnipeg, Man | 300,025 | 418,722 | 118,697 |
| Macdonald, Edmonton, Alta | 2,155,414 | 2,226,060 | 70,646 |
| Jasper Park Lodge, Jasper, Alta | 55,168 | 2,576,744 | 2,521,576 |
| UNDER CONSTRUCTION | | | |
| Vancouver, Vancouver, B.C | | 5,958,812 | 5,958,812 |
| Bessborough, Saskatoon, Sask | | 2,624,928 | 2,624,928 |
| Totals | 9,674,410 | 31,828,234 | 22,153,824 |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120512



HOTEL INVESTMENT ACCOUNT—CANADIAN PACIFIC RAILWAY

| — | As at December 31 | | Increase during Period |
|---|---|---|---|
| | 1922 | 1931 | |
| | $ | $ | $ |
| Algonquin, St. Andrews, N.B. | 1,257,780 | 1,424,033 | 166,253 |
| Banff Springs, Banff, Alta. | 2,741,763 | 8,844,372 | 6,102,609 |
| Chateau, Lake Louise, Alta. | 1,645,934 | 3,413,804 | 1,767,870 |
| Chateau Frontenac, Quebec, Que. | 4,085,216 | 8,871,703 | 4,786,487 |
| Cornwallis Inn, Kentville, N.S. | | 744,559 | 744,559 |
| Empress, Victoria, B.C. | 1,592,017 | 5,512,396 | 3,920,379 |
| Palliser, Calgary, Alta. | 2,790,984 | 4,615,502 | 1,824,518 |
| Pines, Digby, N.S. | | 940,081 | 940,081 |
| Place Viger, Montreal, Que. | 918,079 | 951,486 | 33,407 |
| Royal Alexandra, Winnipeg, Man. | 2,857,759 | 3,213,745 | 355,986 |
| Royal York, Toronto, Ont. | | 16,482,313 | 16,482,313 |
| Saskatchewan, Regina, Sask. | | 2,559,918 | 2,559,918 |
| Vancouver, Vancouver, B.C. | 5,052,079 | 6,337,412 | 1,285,333 |
| Crystal Garden, Victoria, B.C. | 284,322 | 284,322 | |
| Camps and Rests | 69,417 | 605,736 | 536,319 |
| London, England | | 5,478,058 | 5,478,058 |
| Miscellaneous | 965,423 | 869,332 | 96,091 (Dec.) |
| Totals | 24,260,773 | 71,148,772 | 46,887,999 |
| Grand totals | 33,935,183 | 102,977,006 | 69,041,823 |

66. The financial results of the operation of the hotels as shown by the following statements do not include any sums for interest on the investments nor for depreciation. It will be seen that the hotels belonging to the Canadian National show an actual operating loss of $2,130,924 in the nine-year period. If interest on investment and an adequate sum for depreciation are included, this loss would be substantially increased. For the Canadian Pacific the statement shows an operating profit of $7,468,827, but here again if interest on investment and an adequate allowance for depreciation are included this profit would be converted into a substantial loss.

CANADIAN NATIONAL RAILWAY HOTELS

| — | Revenues | Expenses including taxes | Operating loss |
|---|---|---|---|
| | $ | $ | $ |
| 1923 | 1,790,969 | 1,953,689 | 162,720 |
| 1924 | 1,795,279 | 2,093,218 | 297,939 |
| 1925 | 2,005,935 | 2,082,301 | 76,366 |
| 1926 | 2,301,547 | 2,340,316 | 38,769 |
| 1927 | 2,586,024 | 2,599,146 | 13,122 |
| 1928 | 2,583,990 | 2,719,046 | 135,056 |
| 1929 | 2,989,613 | 4,077,587 | 1,088,574 |
| 1930 | 3,166,972 | 3,292,040 | 125,068 |
| 1931 | 2,951,630 | 3,144,940 | 193,310 |
| | 22,171,359 | 24,302,283 | 2,130,924 |

120513



CANADIAN PACIFIC RAILWAY HOTELS

| — | Revenues | Expenses including taxes | Operating profit |
|---|---|---|---|
| | $ | $ | $ |
| 1923 | 4,910,068 | 4,302,891 | 607,177 |
| 1924 | 5,100,341 | 4,556,110 | 544,231 |
| 1925 | 5,805,931 | 4,949,532 | 856,399 |
| 1926 | 6,135,343 | 5,139,341 | 996,002 |
| 1927 | 6,663,988 | 5,846,420 | 817,568 |
| 1928 | 7,354,118 | 6,385,018 | 969,100 |
| 1929 | 10,120,642 | 8,471,618 | 1,649,024 |
| 1930 | 9,646,557 | 8,926,931 | 719,626 |
| 1931 | 7,375,841 | 7,066,141 | 309,700 |
| | 63,112,829 | 55,644,002 | 7,468,827 |

NOTE:—The Canadian Pacific excludes investments on hotels and resorts where they do not hold control.

67. An analysis of investments in hotels reflects similar results from competitive conditions to those which prevailed between the two railways in the larger sphere of operations, with practically similar results—the Canadian National steadily increasing its investment despite increasing losses, and the Canadian Pacific adding to its investment to an even greater extent than its competitor, without commensurate return on the investment.

68. Both the Canadian National and the Canadian Pacific acted on the assumption that, while these hotel ventures had not been profitable in themselves, they might be essential from the standpoint of larger policy since they would afford the necessary stimulus to passenger traffic.

69. The Canadian Pacific has stated that in no case has that company built an hotel in any city where an hotel had already been erected by its competitor. This cannot be said of the Canadian National, but, in fairness to that company, it should be mentioned that their hotel at Winnipeg was constructed in connection with the Grand Trunk Pacific venture, and taken over with that property.

70. There are two modern hotels at Halifax where one would have been ample for the requirements of the public. The Canadian Pacific is interested to the extent of $350,000 in the Lord Nelson Hotel, and the Canadian National has invested $2,440,928 of public money in a terminal hotel originally estimated to cost one-half of that amount.

71. Duplication of hotel facilities on a large scale is also under way at Vancouver. There this commission held its sessions in the shadow of an immense hotel structure in course of erection for Canadian National Railways, on which $5,958,812 has been expended to December 31, last, and $4,750,000 additional will be required to complete. The Canadian Pacific has a first-class hotel almost directly opposite this new hotel, on which they have expended $6,337,412.

72. Whether on the grounds of policy or for reasons which may have seemed convincing at the time, the fact remains that very large sums have been invested in hotels which were not justified from any point of view, investments which could have been avoided if there had been a spirit of co-operation on the part of the management of both systems. It is a deplorable example of a wasteful expenditure of public and private money and one that places a permanent serious financial burden upon both systems.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I-2-0513
120514



## VII. COASTAL STEAMSHIP SERVICES

73. When the Canadian National Railways was constituted in 1923, it had a service of steamships on the Pacific coast between Vancouver and Prince Rupert with additional sailings to Alaska during the summer months. This service was established by the Grand Trunk Pacific Railway when that company extended its railway to Prince Rupert. For a time it also provided a steamship service between Vancouver, Victoria and Seattle in what was generally known as the "Tri-City Service", a service which had already been provided by the Canadian Pacific Railway. This tri-city service was abandoned when the Grand Trunk Pacific got into financial difficulties, and consequently the service between Vancouver, Victoria and Seattle was provided only by the Canadian Pacific Railway with a fine fleet of steamers giving a satisfactory service.

74. Up to 1929 the Canadian National Railway steamers on the west coast, providing, as already explained, a service between Vancouver and Prince Rupert, consisted of four boats representing an investment of $1,480,000. The operating net revenues had always been negligible and in one year there was an actual operating loss. At no time were the earnings sufficient to provide any return upon the capital invested.

75. Nevertheless, the Canadian National Railways decided to extend and improve their coastal services and in their budget for 1929 a sum of $5,235,000 was included for the purchase of four steamships for use on the Pacific coast. The reasons given were that the traffic, particularly tourist traffic, on the Vancouver-Prince Rupert-Alaska route was increasing, that the steamships on this service were old, and that at times it was difficult to handle all of the traffic that offered. It was also stated that the Prince Rupert, one of the original fleet, had been damaged in an accident, and that, during the time it was laid up, traffic had to be refused. The estimates were adopted and orders placed for the ships.

76. The vessels were constructed at a cost which exceeded the estimates by $1,500,000. The desire for increased speed and luxurious equipment beyond that provided by their competitor, the Canadian Pacific Railway, explains not only this increase but also the fact that the approximate cost of each vessel exceeded the average cost of the Canadian Pacific vessels by roundly $900,000. The following tables show the expenditure for each company and for each vessel within the period 1923-1931:—

CANADIAN NATIONAL

| | $ |
|---|---|
| Prince Henry | 2,160,347 |
| " David | 2,140,868 |
| " Robert | 2,193,375 |
| " Charles | 285,541 |
| " Rupert | 10,465 |
| " George | 10,497 |
| " John | 5,053 |
| " William | 170,491 |
| Other | 490,833 |
| Retirements (Cr.) | 266,353 |
| Totals | 7,201,117 |

CANADIAN PACIFIC

| | $ |
|---|---|
| *Pacific Coast* | |
| Princess Elizabeth | 1,128,944 |
| " Joan | 1,127,324 |
| " Kathleen | 1,280,866 |
| " Louise | 1,400,000 |
| " Marguerite | 1,258,889 |
| " Elaine | 639,539 |
| " Nora | 633,559 |
| Other | 1,260,756 |
| Retirements (Cr.) | 3,567,313 |
| *Bay of Fundy* | |
| Princess Helene | 1,176,738 |
| | 6,339,302 |

77. Two of the four new boats, costing $4,300,000, were placed on the "Tri-City Service" between Vancouver, Victoria and Seattle, in competition with the Canadian Pacific steamships engaged on that service. Improvements

120515



to the docks were found to be necessary for the accommodation of the new vessels and roundly $775,000 was spent for this purpose. While the improvements were being made to the dock at Vancouver, the work was swept by fire, and the dock had to be rebuilt at an additional cost of $228,000, bringing the total outlay for improved dock accommodation to more than $1,000,000. The capital investment in vessels and improvements to docks increased from $1,469,000 in 1928 to $8,176,582 at the end of 1930.

78. The "Tri-City Service" of the Canadian National was inaugurated in August, 1930, and was discontinued in September, 1931. The operations on the Pacific coast as a whole, increased the annual loss to the Canadian National System from $98,248 in 1928 to $673,218 in 1930. These figures include interest, but allow nothing for depreciation. The net income of the Canadian Pacific from services on the Pacific coast fell from $1,521,000 in 1929 to $731,600 in 1930.

79. It is impossible to believe that any public interest was served by this duplication of coastal services. Any success that might have come to the Canadian National could only have been largely at the expense of the Canadian Pacific.

The Canadian National was at some disadvantage in not having a service of steamships under its own control, but this situation could have been met had the managements of the two systems been willing to enter into a working arrangement. This is another instance where a willingness to co-operate would have avoided a sacrifice of funds and obviated the heavy losses which fell upon both systems.

## VIII. INCREASE IN ASSETS AND LIABILITIES

80. From January 1, 1923, to December 31, 1931, the Canadian National increased its total assets by $452,325,052, and its total liabilities by $922,430,755. The details of the increase in assets are as follows:—

CAPITAL ASSET ACCOUNTS

| | |
|---|---|
| Property Investment (including railway rolling stock) | $ 390,314,679 |
| Hotels | 22,153,824 |
| Ocean and Coastal Steamships | 7,201,117 |
| Advances to controlled and affiliated companies, and insurance premiums | 45,767,052 |
| Sinking Funds | 15,078,743 |
| | $ 480,515,415 |
| Less decrease in investments (Non-capital) current and deferred assets and unadjusted debit accounts | 28,190,363 |
| | $ 452,325,052 |

The increase of liabilities consisted of increases in the amount of:—

CAPITAL LIABILITY ACCOUNTS

| | |
|---|---|
| Funded Debt due public | $ 471,954,063 |
| Government Loans | 132,468,521 |
| Government appropriations account Canadian Government Railways | 5,729,299 |
| Government assumption of Canadian National Railways Eastern Lines deficits | 26,861,713 |
| Accrued unpaid interest on Government Loans | 287,663,169 |
| | $ 924,676,765 |
| Less reductions in reserve appropriations and current liabilities | 2,246,010 |
| | $ 922,430,755 |

The difference between the increase in the assets and increase in the liabilities is accounted for by the accrued system deficit, including unpaid interest on Government loans, as well as deficits on Eastern Lines.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120516



81. During the nine years in question the Canadian Pacific increased its total assets by **$253,447,438**, and its liabilities by **$266,819,039**. The details of the increase in assets are as follows:—

CAPITAL ASSET ACCOUNTS

| | |
|---|---|
| Property investment, including railway rolling stock, lake and river steamers | $ 215,571,038 |
| Hotels | 46,887,999 |
| Ocean and Coastal Steamships | 56,610,641 |
| Acquired Securities | 48,982,529 |
| Advances to controlled companies and insurance premiums (reduction) | 982,217 |
| | $ 367,069,990 |

CURRENT, DEFERRED AND RESERVE ACCOUNTS

| | |
|---|---|
| Less decrease investments and available resources and current accounts | $ 113,622,552 |
| | $ 253,447,438 |

The increase of liabilities consisted of increases in the amount of:—

CAPITAL LIABILITY ACCOUNTS

| | |
|---|---|
| Ordinary Capital Stock | $ 75,000,000 |
| Preference Capital Stock | 56,575,000 |
| Increase in Funded Debt | 151,824,772 |
| Increase in Premium on Capital Stock less discount on Bonds and Notes | 22,276,695 |
| | $ 305,676,467 |

CURRENT, ETC. ACCOUNTS

| | |
|---|---|
| Less Reduction in Reserves, Appropriation and Current Accounts | $ 38,857,428 |
| | $ 266,819,039 |

The difference between the increase in assets and the increase in liabilities is accounted for by the net reduction in surplus accounts of **$13,371,601**.

82. From January 1, 1923, to December 31, 1931, the Canadian National increased its capital stock and debt as follows:—

| | |
|---|---|
| Ordinary Capital Stock | $ 650 |
| Debt due public | 471,954,063 |
| Government Loans | 132,468,521 |
| | $ 604,423,234 |

The above total does not include amounts advanced by the Dominion Government to the Canadian Government Railways, viz., Intercolonial and National Transcontinental Lines, nor the deficits on the Eastern Lines which under the Maritime Freight Rates Act are borne by the Dominion Government. Nor does it include accrued interest on Government loans to the Canadian National, which, for the period, aggregate **$287,663,169**. Altogether these items total **$924,677,415**.

In the same period the Canadian Pacific increased its capital securities as follows:—

| | |
|---|---|
| Ordinary Stock | $ 75,000,000 |
| Preference Stock | 56,575,000 |
| Funded Debt | 151,824,772 |
| | $ 283,399,772 |

Of the Preferred Stock and Funded Debt, $39,101,055 of the increase had to do with the construction of ocean steamers and the acquisition of a half interest in the Canadian Australasian Line.

120517



83. The following are the condensed balance sheets of the two systems as at December 31, 1931:—

## IX. CANADIAN NATIONAL RAILWAY SYSTEM (INCLUDING EASTERN LINES)

ASSETS

| | | |
|---|---|---|
| INVESTMENTS— | | |
| Property Investment, Railway, etc | | $ 2,201,426,376 |
| Sinking Funds and Special Deposits | | 24,662,823 |
| Acquired Securities (Cost) | | 2,301,088 |
| Investments in affiliated companies | | 28,094,692 |
| | | $ 2,256,484,979 |
| WORKING ASSETS | | $ 95,475,587 |
| *Unadjusted Debits*— | | |
| Miscellaneous | | $ 5,633,063 |
| Discount on Capital Stock and Funded Debt | | 16,499,032 |
| | | $ 22,132,095 |
| | | $ 2,374,092,661 |

LIABILITIES

| | | |
|---|---|---|
| Capital Stocks | | $ 270,231,564 |
| Government Grants | | 17,153,638 |
| Long Term Debt (Public) | | 1,276,457,207 |
| *Dominion of Canada Account*— | | |
| Canadian Government Railways | | 405,209,240 |
| Loans from Dominion | | 604,406,239 |
| Accrued Interest on Loans | | 354,173,113 |
| Eastern Lines Deficits other than 20 per cent rate reduction | | 29,680,372 |
| | | $ 1,393,469,164 |
| Current Liabilities, etc | | 78,618,523 |
| Unadjusted Credits, Miscellaneous | | 5,615,482 |
| Reserves and Depreciation Accruals | | 27,202,799 |
| *Profit and Loss Account*— | | |
| System | $ 664,975,144 | |
| Eastern Lines | 29,680,572 | |
| | | 694,655,716 (Def.) |
| | | $ 2,374,092,661 |

NOTE:—The Profit and Loss Deficit of $694,655,716 includes accrued unpaid interest on Loans from the Government amounting to $356,991,972.

## X. CANADIAN PACIFIC RAILWAY COMPANY

ASSETS

| | | |
|---|---|---|
| INVESTMENTS— | | |
| Property Investment, Railway, etc | | $ 868,448,443 |
| Steamships | | 116,397,891 |
| Acquired Securities (cost) | | 177,154,695 |
| Advances to Subsidiary Companies | | 9,723,546 |
| OTHER INVESTMENTS AND AVAILABLE RESOURCES— | | |
| Deferred Payments, Lands and Townsites | | $ 52,877,075 |
| Miscellaneous Investments (cost) | | 33,191,050 |
| Lands and Properties | | 59,216,054 |
| | | $ 145,284,179 |
| WORKING ASSETS | | $ 63,879,834 |
| | | $ 1,380,888,588 |

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120518



CANALIAN PACIFIC RAILWAY COMPANY—*Concluded*

LIABILITIES

| | |
|---|---|
| Capital Stock | $ 472,256,921 |
| Long Term Debt | 450,374,638 |
| Current Liabilities, etc | 39,090,869 |
| Reserves and Appropriations | 40,989,709 |
| Premium on Capital Stock, etc | 67,270,695 |
| Surplus | 310,899,756 |
| | $ 1,380,888,588 |

## XI. CAPITAL STRUCTURE, CANADIAN NATIONAL RAILWAYS

84. Representations have been made with respect to the capital structure of the Canadian National Railways. This problem presents several aspects. One is the very large number of companies whose corporate existence must be maintained. Another is the large number of different bond issues and mortgages with different rates of interest, expiring at different periods and with all sorts of different clauses in them. It has been stated that included in the National Railway System there are 251 different bond issues and mortgages; that there are 80 different issues of certificates in the hands of the public; that there are 139 companies whose corporate existence must be maintained; and that 42 separate income accounts and 90 separate balance sheets have to be prepared each year.

85. Another aspect of the problem is the total capital liability of the System. At December 31, 1931, the long term debt of the Canadian National Railways due the public (funded debt unmatured) amounted to $1,276,457,207. The money invested in the original Government Railways, loans by the Dominion Government to the privately-owned railways now absorbed in the System, loans to the Canadian National Railways to meet annual deficits, interest accrued on these loans and unpaid, and deficits on Eastern Lines, together total $1,393,469,164. The total of these two sums is $2,669,926,371.

86. It has been suggested that in view of the excessive capital liabilities in relation to the earning power of the System they should be reduced to an amount which would more nearly approximate the earning power of the railway. The net operating income (i.e., the amount available for interest and dividends) of the Canadian National System for the period 1923 to 1931 inclusive averaged $24,414,447 per annum. This figure would require adjustment if adequate provision were made for depreciation. It is obvious that on this basis of earnings the capital liabilities would require a very drastic writing down. And while this commission is of opinion that it must be frankly recognized that a very substantial part of the money invested in the railways comprised within the Canadian National System must be regarded as lost and that its capital liabilities should be heavily written down, they do not consider that the time is opportune to deal with this important matter.

87. This question as well as that previously referred to, dealing with the present involved financial structure of the Canadian National System, should, in the opinion of the commission, have the early attention of the Board of Trustees, which it is recommended should be entrusted with the control and management of the System.



## XII. GROWTH OF THE BURDEN OF TAXATION

88. The demands of the Canadian National Railway upon the federal treasury have served to create a financial problem which, together with other demands, have led to large increases in borrowings by the Dominion Government and increased taxation.

89. When Canada entered the Great War there existed a federal debt of $336,000,000, entailing an annual charge of approximately $20,000,000. War expenditures added about $1,700,000,000 to the debt of the Dominion. In the post-war period, while there were years when the debt was reduced, the result on the whole has been an increase in the net debt. In the year 1930-31 there was added the sum of $83,847,977, and, in the year 1931-32, $119,500,000.

90. The additional carrying charges for the entire debt appear in the official estimates for the present fiscal year 1932-33, in which the interest upon the federal debt, and interest upon Post Office Savings, with $3,500,000 for sinking fund, calls for a payment of $137,400,000. To this must be added a war charge for pensions and special disability claims of $5,000,000 per month, or $60,000,000 for the year. These two items of fixed charges for the year 1932-33, totalling $197,400,000, should be contrasted with the $20,000,000 for the year 1913.

91. It is necessary, therefore, in considering the railway problem, which since 1917 has established claims for such immense sums upon the federal treasury, to ask how the country is to meet these capital and annual charges if continued.

92. It is to be remembered that, coincident with this great increase in federal treasury liability, there has been a vast enlargement in the liabilities of provincial and municipal governments throughout Canada. They have borrowed and spent, and spent and borrowed, and in consequence have increased their debt charges to such an extent that the burden of taxation is deeply resented.

93. Meantime international credits have become disastrously impaired and there is difficulty in securing immediate relief in an acute situation through fresh borrowings from Great Britain and the United States.

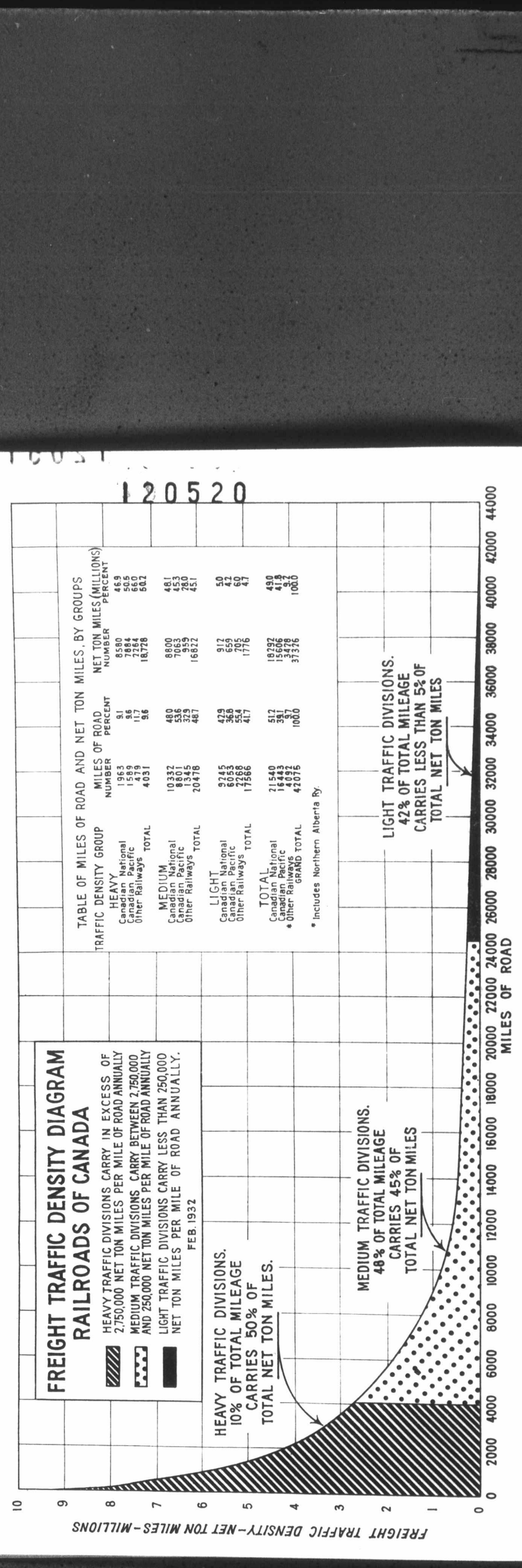
94. In considering, therefore, suggested solutions for the present railway situation, we must take cognizance of existing financial conditions, and bear in mind the prevailing low prices for all agricultural, and other primary products; also that the general depression in business is inevitably associated with unemployed men and women upon a hitherto unparalleled scale—with shrinkage in business income returns through greatly reduced profits, or actual losses in industrial and general merchandizing activities—involving reduction or passing of dividends upon investment securities, as well as, in some cases, actual loss in their capital value.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120520






120521



134. The locomotive fuel bill of the two systems dropped from $58,242,655 in 1923 to $29,433,816 in 1931, both companies reducing these expenditures by one-half. The reduction in the price of coal has been but slight, but the drop in tonnage has been considerable. The proportion that fuel bears to the general cost of railway operation is shown in the following statement:—

| Operating Ratios | Canadian National | | Canadian Pacific | |
|---|---|---|---|---|
| | 1923 | 1931 | 1923 | 1931 |
| | per cent | per cent | per cent | per cent |
| Fuel for locomotives | 13·12 | 8·55 | 12·09 | 8·69 |
| Other operating expenses | 78·66 | 91·16 | 68·91 | 71·62 |
| Total | 91·78 | 99·71 | 81·00 | 80·31 |

It will be noted that while the Canadian National fuel ratio dropped from 13·12 per cent to 8·55 per cent, the ratio of other operating expenses increased from 78·66 per cent to 91·16 per cent, not only effecting the saving in fuel but increasing the ratio of total operating expenses to revenues by 7·93 per cent.

135. In seeking a "yard stick" by which to measure operating results of the Canadian National Railways it has been customory to take Canadian Pacific Railway performance. This, however, must not be regarded as an absolute criterion. Operating costs are bound to be affected by differences in size of the properties, the purpose as well as the type and standard of construction, the general physical condition, the differences in character and volume of traffic, average haul of freight, and train and car loadings. However, if the level of expenses of the Canadian Pacific is to be accepted as measurably determining what the relative operating charges of the National lines should be, the information placed before us by the experts who have been engaged in correlating the statistical data of the two systems indicates that the operating costs of the Canadian National System are in certain particulars much higher than they should be. This would appear to be the case in the item of supervisory expenses, also in station and yard services. The Canadian National costs were greater than the Canadian Pacific by 63·5 per cent for superintendence, 38·2 per cent for station service, and 69·7 per cent for yard service, while the train mileage of the National lines was only 22·8 per cent, and the car mileage 34·9 per cent greater than that of the Canadian Pacific.

136. The immense expenditures of the Canadian National for the improvement of its property, the larger additions to its rolling stock, the advantages of increased tractive power, and the more generous expenditure upon the upkeep of its property, should have made possible a great improvement in operating performance. Whether the improvement actually secured has been commensurate with the expenditure involved is a moot question.

## IX. OPERATING RATIOS

137. The operating ratio of a railway (being the proportion of operating expenses to operating revenues) is generally regarded as indicative of the efficiency of operation and management of an enterprise. Under comparable conditions an increase in this ratio would indicate a falling off in the efficiency of the railway; a decrease in the ratio would suggest greater efficiency.

138. In comparing the performance of two railway systems on the basis of operating ratios, it is necessary, before drawing conclusions, to make allowance for factors that may adversely affect results in the case of one or the other. and to ascertain as far as possible that the figures that enter into the calcula-



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120522



tions are on a comparable basis. A detailed analysis and comparison of the operating accounts of the Canadian National and Canadian Pacific was made by an independent railway accountant employed by the commission to ensure a fair basis of comparison between the accounts. The results of this comparison appear in the following table:—

OPERATING RATIOS

| Year | Canadian National | Canadian Pacific |
|---|---|---|
| | per cent | per cent |
| 1923 | 91·8 | 81·0 |
| 1924 | 92·5 | 80·5 |
| 1925 | 86·7 | 77·3 |
| 1926 | 82·5 | 75·8 |
| 1927 | 84·9 | 78·5 |
| 1928 | 82·0 | 75·4 |
| 1929 | 85·6 | 77·3 |
| 1930 | 91·4 | 78·4 |
| 1931 | 99·8 | 80·3 |

139. There are undoubtedly factors that adversely affect the Canadian National in comparison with the Canadian Pacific. The officers of the National system operate two great railroads which were constructed as competitors, with consequent duplication of tracks, shops and facilities, a condition which the co-ordination which has gone on progressively for a decade has not yet entirely overcome. There are also considerations of lighter traffic and shorter average haul with consequent greater terminal and yard expenses in the case of the National lines.

140. The Canadian Pacific was constructed and developed as a single unified system of railways and thus avoided many of the disadvantages which apply to the Canadian National system.

141. An analysis and comparison of accounts of both companies, with due regard to the considerations put forward by the Canadian National as adversely affecting their operations, do not, in our opinion, justify the very considerable differences in the operating ratios of the two systems.

## X. POLITICAL AND PUBLIC PRESSURE

142. The conduct of the affairs of the National Railway has been subjected in the past to political and public pressure. It is, however, necessary to make a distinction between unwarranted political interference and the influence of broad public policy. To the latter category belong several of Canada's major transportation schemes, such as the Intercolonial and Canadian Pacific projects, which were the outcome of definite political arrangements based upon broad national considerations. Others, such as the original Grand Trunk, in a lesser sense, and the Canadian Northern and Grand Trunk Pacific in more marked degree, represented a compromise between the aims of private promoters and the endeavour of the state to turn those ambitions to national advantage. While certain of these projects became warmly contested political issues, they were endorsed by the Canadian electorate at successive general elections, and were accepted as approved national policy.

143. The majority recommendations of the Royal Commission on Railways and Transportation in 1917 were designed to provide safeguards against political interference which is instinctively to be feared in the conduct of a public enterprise of the magnitude and character of the Canadian National Railways. But

120523



the Government of the day declined to follow the plan of organization recommended by the commission, which was in substance to place control in a permanent and self-perpetuating Board of Trustees.

144. There was adopted, instead, the plan which is contained in the Canadian National Railway Act. This Act provides for a Board of Directors to a maximum number of seventeen, appointed by Order in Council, holding office from year to year. Appointment to the office of chairman of the board and president of the company is made by the Government, and concurred in by the board.

145. Under the circumstances, the directors' functions have been in practice nothing more than advisory. It would seem that they generally gave formal approval to programs of expenditures which they appeared to regard as the main concern of the president and the Government. This left the railway open to political influence and to public pressure exerted by communities and by associations of business and labour interests.

146. Of direct political interference by ministers and members of Parliament in the detail operations of the railway, we were assured by the officials there was little or none. It was in the larger sphere of policy that political considerations led to unwise and unnecessary capital expenditures, the result of which was to create an atmosphere in which the ordinary principles of commercial operation of the railway were lost sight of.

147. The President of the Canadian National Railways, in a considered statement made to this commission in the course of its inquiry, expressed the following views:—

"One of the inherent disadvantages of any state-owned enterprise such as the Canadian National Railway, is the problem of political interference—and one might also add, public pressure. In making this statement I wish it distinctly understood that I imply no criticism of any party or any government, present or past. I merely state a fundamental and universally admitted condition.

"The leaders of all political parties and the people of Canada as a whole are a unit in their desire to prevent political invasion of the Canadian National Railway. But the plain fact is that, irrespective of such wishes and desires, the problem presents difficulties beyond the control of our leaders, be they ever so patriotic or high minded. After all in any form of popular government it must be accepted as axiomatic that the business of government is politics and, irrespective of whether one likes it or not, politics is something with which a government must reckon in all its activities."

148. The President of the Canadian Pacific appeared to be more concerned over the activities of what he termed "politically-minded" executives of the publicly-owned railway than he was over straight political pressure for definite ends. He said:—

"We talk a great deal about political interference being damaging to railway operations, and we know that that is true, generally speaking. But when we say it we seem to think the only political influence is that exercised by a government, or a member of government, or a member of parliament. To my mind the worst kind comes from the political attitude of men in publicly-owned institutions. Possibly they are not conscious of it, but they become politically-minded; their policies and actions have a political tinge, and that, from my standpoint, is more serious as representing the attitude of the corporation than the isolated act of a member of parliament who tries to get a man employed.

"Years ago the ability of privately-owned railway companies to withstand political pressure was somewhat limited. To-day it is nothing like it was, because we can say 'no' to that kind of pressure. But the politics that develop inside an organization because it is publicly-owned, and not privately-owned, is a serious thing.

"We spoke of not being able to anticipate what government policies would be towards any railway, and I believe we cannot tell from year to year what the policy of any government would be in respect of its railway property. Providing it owns it, and has a measure of control of its policies, and so long as they are putting up the money we cannot avoid that possibility."



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120524



149. Possibly the year 1929 affords a striking example of what political and public pressure, presumably, were able to accomplish.

150. The Canadian National Railway requirements authorized by Parliament during the fiscal year 1929-30 were as follows:—

| | | |
|---|---|---|
| Canadian National Railway Budget for 1929 | $ 53,750,000 | |
| Canadian National Eastern Lines Deficit (1929) and 20 per cent reduction in tolls | 6,808,172 | |
| Prince Edward Island Car Ferry construction | 2,500,000 | |
| Branch Line Construction (1929-1932) | 30,136,325 | |
| Montreal Terminals (Construction) | 50,000,000 | |
| Acquisition of Railways | 31,247,500 | |
| New Equipment Issue | 18,000,000 | |
| | | $ 192,441,997 |

In addition, construction programs were proceeding under prior legislation, the unused authorities being for:—

| | | |
|---|---|---|
| Branch Lines Construction | $ 9,482,021 | |
| Toronto Terminals Construction | 3,583,863 | |
| | | $ 13,065,884 |
| Total expenditures authorized | | $ 205,507,881 |

151. The actual cash expenditures during the same year covered by these authorizations amounted to $113,859,777, the balance, $91,748,104, being chargeable to subsequent years as construction work proceeded or obligations on account of roads purchased matured.

The foregoing does not take into account other legislation which provided for the refunding of $18,000,000 of maturing securities, nor $6,396,000 voted for the Hudson Bay Railway and terminal development, in the same year.

152. The net increase in funded debt of the Canadian National due the public for the year 1929 amounted to $144,670,459; whereas the annual increase for the previous six years had averaged $28,897,648.

153. Annual interest on the funded debt in the hands of the public, which, at the end of year 1928, was $41,810,880, increased to $55,587,145 at the end of the year 1931, due largely to the expansion policies of 1929.

154. When considering the scale upon which branch line extensions and acquisitions, as well as hotel expenditures were made, and railway and steamship services duplicated, it is impossible to avoid the conclusion that the Board of Directors and the management of National Railways were amenable to political influence and pressure, which it would have been in the public interest to have withstood.

120525

# CHAPTER IV

## CONTRIBUTORY CAUSES OF THE RAILWAY PROBLEM

155. Before proceeding to discuss remedies for a solution of the transportation problem, it is proposed to summarize the factors that have contributed to our present situation. There may be differences of opinion in regard to the relative importance of these several factors, but there can be none as to their cumulative effect upon the railways or as to the necessity for a genuine attempt to improve the situation, both in the interests of the railways themselves and of the tax-payers of Canada. The principal contributory causes have been:—

1. The over-development of railways beyond the immediate needs of the country.
2. Aggressive and uncontrolled competition between two nation-wide railway enterprises, a competition the more disastrous in that one of the competitors was publicly-owned and supported by the full resources of the Dominion.
3. The reactions of the world trade repression which began in 1929 and has progressively increased in its severity with each succeeding year.
4. Competition from other forms of transport, notably road transport.
5. Inelasticity of freight rates and railway practice generally which prevents prompt action in the meeting of falling revenues and dealing effectively with competition from other forms of transport.
6. Contractual arrangements with labour organizations which set up a rigid wage scale and inflexible labour practices generally.
7. The special disabilities of the Canadian National Railways due to:—
   (*a*) Assumption, through Government action, of liabilities of insolvent railway systems for reasons of national credit.
   (*b*) Large capital expenditures for improvement of the physical condition of the absorbed systems.
   (*c*) Political and community pressure on the management arising out of direct government control.

Of these items, three have already been dealt with in the preceding chapters, *i.e.*, aggressive and uncontrolled competition, political and community pressure on the management of the Canadian National, and the burden of excessive capital liabilities of the latter system. No further discussion of these matters is called for here.

### I. EXCESS MILEAGE

156. In the earlier part of this report emphasis has been laid on the excess mileage of Canadian railways. The policy of branch line expansion in the period 1924 to 1930 has also been dealt with. It has been pointed out that the population per mile of steam railways in the United States is more than double that in the Dominion, and competent railway authorities in the United States concede that there is a great excess of mileage in their country. Reference has been made to the low traffic densities prevailing upon the greater part of the Canadian mileage. The traffic density maps, which accompany this report, tell the story in graphic form. In the interests of sound railway practice,



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120526



a careful examination of all light traffic lines should be undertaken forthwith by both railways to determine what should be retained and what should be abandoned. Where the decision is for abandonment, operations should be promptly suspended, and the salvaged material recovered then or later. Thought should be given to the operation of a considerable mileage during a portion of the year only. Radical reductions, not only in the service on these light traffic lines, but also in the mileage of this group is essential if economic security is to be restored to the railways.

## II. TRADE DEPRESSION

157. In so far as the position of the Canadian railways is the result of the depression in world trade, they have merely shared the general fate of most industries and of railways in other countries. In the United States of America the recession in railway earnings did not appear until 1930, but by the end of 1931 the net operating income of the Class I roads had fallen from $1,395,348,471 to $662,314,465, (more than 50 per cent) which is greater than the reduction shown by the Canadian Pacific Railway Company. The more favourable showing of this company is no doubt due to the drastic reductions in working expenses and services, undertaken at an earlier date than on the United States roads, and therefore showing their full effects in 1931. Since any measures looking to a revival of trade are beyond the scope of the Commission's inquiry, we pass from this topic with the observation that an increase in traffic of even 20 per cent above the figures for 1931, which would still be below the gross earnings for 1925 would result in substantial improvement in the railway position in Canada. Experience gained in operating at reduced costs in the last two or three years should not be lost and should therefore be reflected in a greater ratio of net earnings.

## III. COMPETITION FROM OTHER TRANSPORT AGENCIES

### (a) Road Transport

158. Road transport in the past decade has challenged the supremacy of the railways in the field of transportation both in the conveyance of passengers and freight. In 1923 there were 515,178 private automobiles registered in Canada, while in 1931 this figure had increased to 1,024,385, an increase of nearly 100 per cent. During the same period motor coaches undoubtedly increased considerably. Records for years prior to 1927 are not available but the number of motor coaches registered in 1931 was 1,636, and this represented an increase of 61 per cent over 1927. Motor trucks, both privately-owned and common carrier, now number 165,855, which represents an increase of 214 per cent over the number registered in 1923. The total motor vehicle registrations (exclusive of motorcycles) increased during the period we have under review (viz. 1923 to 1931) from 576,668 to 1,197,188, or more than 100 per cent. This development has brought about a lasting revolution in the travel habits of the people, and in many respects has wrought a transformation in the economic and social life of the country. It has given facilities for transport never before enjoyed by the general public, and has given trade and industry facilities of great and permanent value.

159. But, while the motor vehicle has done much to create and stimulate travel, it has also effected the diversion of a considerable volume of traffic from the railways. It is the private automobile which has mainly been responsible for the diversion of the bulk of the passenger traffic to the highways, with the result that the short distance passenger traffic of the railways has shrunk to small proportions and their long distance passenger traffic is threatened. The

120527



transfer of traffic from the railways to the motor coach has not in the aggregate reached, as yet, large dimensions, but the use of this agency of transport is increasing and its effect upon the railways has, in some of the more densely populated districts, already been considerable. In the conveyance of freight, the motor truck, principally the privately-owned, has made serious inroads into the short distance traffic of the railways.

160. In fairness to the road vehicle, it should be stated that this diversion of traffic from the railways to the highways is in many cases due to the fact that conveyance by road is intrinsically a more suitable form of transport, either because the convenience afforded by the road vehicle outweighs other considerations, or because it is definitely cheaper. But in so far as the diversion is due to lower costs as a result of road vehicles not bearing their fair share of the cost of the highways which they use, or because they are free from regulations analagous to those imposed on other forms of transport, then such a diversion may very well be opposed to the best interests of the country's welfare.

161. With the extension of hard-surface roads and the increasing mileage kept open in the winter, a wider use of motor vehicles must be anticipated and such an extension will bring in its train further diversion of traffic from the railways. In seeking a permanent solution of the railway problem in Canada this comparatively new and convenient form of transport, and its effect upon the railways, cannot be ignored, and a fair basis of competition between these two transport agencies, in so far as they are acting as common carriers of either passengers or freight, must be found, not only in the legitimate interests of the railways but also in the interests of the public and trade and industry generally. We feel that not only is unfair competition between railways definitely harmful to the general welfare but that unfair and unregulated competition between railways and road operators is also damaging, resulting as it does in waste and duplication of effort.

162. In an appendix to this report we have included a chapter giving statistics of highway transport in Canada and information as to the fees charged and the regulations imposed by provincial governments, together with a summary of the views submitted to us of various highway authorities and of those engaged in the motor transport industry.

163. It is generally recognized that there is a need for regulating road motor services and for equalizing the conditions under which road and rail services are provided. Especially is this need recognized when regard is had to the extent of the regulations imposed on the railways, to the almost entire absence of regulations of road operators, particularly those operating freight services, and to the fact that it has been the practice to establish railway freight rates on the assumption that the transportation of freight was to all intents and purposes the monopoly of the railways. Upon this hypothesis tariffs and tolls have been established on a comparatively high scale (when regard is had to the actual cost of operation) for the carriage of short distance package freight and for express services, and upon a lower and less remunerative scale for the transportation of heavy and bulky commodities which are generally conveyed over long distances.

164. If the railways lose a large part of their profitable short distance traffic to the roads a readjustment of the whole freight rate structure may be necessary, with a possible increase in the rates charged for the long distance and heavy freight traffic.

165. It is essential that the country should have the free and unhampered use of the cheapest forms of transport and therefore no restrictions which would unfairly prejudice the road user should be imposed. The railways themselves should be empowered to provide and operate services of road vehicles, subject

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120528



to whatever restrictions are imposed upon other road transport operators. On the other hand, in our opinion, in Canada, where of necessity freight must be conveyed in large quantities over long distances at all times of the year, railway transportation is essential to the economic welfare of the country. Because they are essential and because the railway freight rate structure implies conditions approximating to a quasi-monopoly, the railways require, if they are to continue to operate efficiently, a measure of protection from long distance road competition and an equalization of the conditions under which short distance traffic is carried.

166. Any restrictive regulations imposed on the road vehicle will not determine the division of the functions as between roads and railways except to a relatively limited extent. In our view, this division of function will not be best obtained through the arbitrary action of governments, but rather through the efforts of those engaged in the transport industry. By concentrating less on mutual competition and by turning their energies to the co-ordination of the services they provide, a properly co-ordinated system of transport will be evolved. In our view the true function of road transport, in such a co-ordinated system, as auxiliary and complementary to the steam railways, would appear.

167. Under the constitution of Canada regulation of road transport falls within the exclusive jurisdiction of provincial authorities. While the Dominion Government is not limited by the constitution in the matter of taxation, in practice road vehicle taxes are imposed solely by the provinces. These considerations make it inadvisable for us to make any specific recommendations in regard to the regulation and taxation of road transport. The federal and provincial governments in co-operation should, however, examine this question of the regulation and taxation of road motor vehicles with a view to equalizing the conditions under which road and rail transport is carried on, and to securing uniformity throughout the Dominion. A joint inquiry in which both federal and provincial governments were represented should enable a measure of agreement to be reached upon the general principles which should govern the regulation and taxation of motor vehicles using the public highways. The administration and adaptation from time to time of the agreed principles of road transport might be left to a consultative committee consisting of representatives of the various provincial governments and of the federal Government.

168. In our view the general principles upon which operators of road passenger services and common and contract carriers of freight should be regulated are as follows:—

(i) Schedules of rates and charges should be published.
(ii) Within those schedules common carriers of freight should accept and carry what is offered to them without discrimination between customers and commodities.
(iii) Operators should be insured against all risks, including third party risks.
(iv) Operators should keep accounts on a prescribed system and render returns to appropriate public authority on a common basis.
(v) Minimum standards in regard to working conditions, including wages and hours of labour, should be required.
(vi) In the interests of the safety of the public, a standard of fitness should be required of all operators in regard to their vehicles.
(vii) Due regard should be had to the preservation of road surfaces, and, to this end, restrictions should be imposed upon the size and weight of road vehicles in accordance with the type and character of the highway.

120529



169. Furthermore, we consider that any joint inquiry that may be set up to examine this question should give serious attention to the institution throughout the Dominion of a uniform system of licensing (in addition to the existing licensing for revenue purposes) of road passenger service vehicles and motor vehicles used for the conveyance of freight, whether operated as common carriers, contract carriers, or used exclusively for the conveyance of the freight of their owners. Under such a system it is suggested that a licence should only be granted to common carriers of passengers and freight where it can be proved to the satisfaction of the licensing authority that the service rendered, or proposed to be rendered, is in the public interest.

170. As regards the taxation of road motor vehicles, the amount of such taxation, including the tax on gasoline, should reflect a fair proportion of the cost of providing and maintaining the highways. A fair proportion would, in our opinion, be equivalent to two-thirds of the total cost in respect of highways in urban areas, while in the more undeveloped districts the proportion might be increased. As to the distribution over the various classes of vehicles, it is suggested that the scales of taxation should be so adjusted as to fall with greater severity upon the heavy long distance traffic.

### (*b*) Aviation

171. The development of aviation has been one of the phenomena of the present century and with the advance of aeronautical science, aircraft will play an increasingly important part as an agency of transport. Particularly will this be the case in this country where the physical and geographical characteristics, the sparsity of the population and the long distance between the centres of the population, all tend to favour air transport.

172. Good progress has already been made in the development of this new transportation instrument and much credit is due to those whose responsibility it is to foster that development. The aeroplane is already accepted as a normal means of transport throughout very large areas in Northern Canada. It has rendered possible travel to the farthest limits of the Dominion, with speed and comparative safety and without the large capital expenditures which are inseparable from roads and railways.

173. Great as are it potentialities, aviation is still in its infancy and we feel that it is too early to make any specific recommendations in regard to air transport. The Dominion Government should, however, keep in close touch with the developments which are taking place, and which will to an increasing extent take place in the field of aviation. It is encouraging to observe that the two principal railways have recognized the importance of the newer mode of travel and their investment in one of the largest aviation undertakings in the Dominion may well prove to be the foundation of a proper co-ordination between these two agencies of transport.

### (*c*) Waterways

174. For eight months of the year the facilities of the railways of Canada are duplicated through approximately one-third of their length by a system of inland water transportation which, developed by the Government at great cost, furnishes shippers of long-haul bulk commodities with a service at rates with which the railways are unable to compete. During the navigation season our inland waterway absorbs not only practically the whole of the eastbound export grain traffic from the head of the lakes to lower lake ports, but a considerable portion of internal traffic of the Eastern and Central regions in bulk commodities, such as coal, iron ore and cement.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120530



175. The explanation of the apparent anomaly of a system of inland water transport, dependent upon canals, operating upon a vast scale, partly in conjunction, but largely in substitution for modern rail transport, is that in natural expanse, safety, despatch, and capacity, not to speak of sources of traffic, the Great Lakes-St. Lawrence waterway is without a counterpart among systems of inland navigation. To provide continuous navigation from Montreal through twelve hundred miles of lake and river and to the head of lake Superior has required only seventy miles of canalization. Indeed conditions of navigation on these great bodies of water present a resemblance much closer to the scale and freedom of ocean transport than to the restrictions of the narrow inland waterways which the original advent of railways so largely superseded.

176. The sources of traffic are as extensive as the system itself. Draining the mid-continental basin, the Great Lakes-St. Lawrence route provides not only an interior system of unique length, but an outlet, the sole large outlet by water, to the North Atlantic seaboard, for the widest and richest agricultural areas of both Canada and the United States.

177. The arterial pulse of the movement of commerce through the Great Lakes navigation system is to be found in the Canadian and United States locks at Sault Ste. Marie. It is not generally appreciated that the traffic through the St. Mary's river connecting lakes Superior and Huron is, in a normal season, in excess of the combined anuual traffic through the Panama, the Suez, the Kiel and the Manchester Ship canals. In 1929 the total traffic passed at Sault Ste. Marie (Canadian and United States locks) was 92,616,808 tons; for the Panama it was 30,663,006; for the Suez, 33,466,014; for the Kiel, 21,613,088; and for the Manchester, 6,558,598, a total, for the four salt-water canals of 92,300,000, or a slightly less tonnage than that of the fresh-water system as registered at the principal tally point for our international inland waters.

178. As a result of the trade depression the decline in the ore and grain traffic of the upper lakes is strikingly indicated by the decrease in tonnage passing through the combined Sault Ste. Marie canals since 1929. In 1930, it dropped to 72,897,895 from the peak ninety-two millions in 1929, and to 44,606,325 in the season of navigation of 1931, or more than 50 per cent.

179. Plying these waters are scores of vessels of more than 600 feet in length and of 60 and 70 feet beam, some capable of carrying in a single load 17,000 tons, or 566,666 bushels of grain. The completion of the new Welland Ship canal has admitted these large upper lake freighters to lake Ontario and the upper St. Lawrence waters, and only one hundred miles of river remain to be dealt with to completely modernize the Great Lakes-St. Lawrence route from the ocean to the heart of the North American continent.

180. In 1931, by no means a representative year, the total traffic through the purely Canadian canals along this route amounted to 16,189,074 tons. This figure would necessarily include duplications of cargoes carried through two or more canals. To this movement 27,651 vessels contributed.

The classes of commodities carried included:

| | Tons |
|---|---|
| Agricultural products | 7,737,307 |
| Animal products | 15,830 |
| Manufactures | 2,976,780 |
| Products of forests | 748,419 |
| Products of mines | 4,690,738 |
| Total | 16,189,074 |

181. Two-thirds of the movement of agricultural products, as listed above, consisted of grain, principally wheat. Canadian wheat passing through the

120531



Canadian and United States locks at Sault Ste. Marie during the season of 1931 amounted to 146,016,991 bushels, compared with 312,425,869 bushels in 1928.

182. The magnitude of this inland shipping route to the Atlantic should not be allowed to obscure the great importance to Canada of the Panama canal, not merely as a means of increasing the flow of export grain through the port of Vancouver, but in promoting generally the export trade of British Columbia. Nor should the effect upon Canadian transport generally of the utilization of the Panama canal as an alternative route for Canadian transcontinental traffic be overlooked. During the year ending June 30, 1930, Canadian inter-coastal cargo used this canal to the extent of approximately 180,000 tons westbound and 190,000 tons eastbound.

183. Railway transportation in so far as the movement of grain and bulk commodities is concerned has been largely adjusted to the problem presented by competition from the great inland waterway. The railways carry to and from the head of the lakes and to and from the lower lake ports. The movement of grain in particular is dependent on low inland water transport and the fortunes of the railways themselves in Western Canada are dependent upon the ability of the grain grower to place his product at low cost at ocean ports. In this movement to the eastern coast the inland waterways are a necessary part. If the producers of Western Canada are to continue in the business of growing for export the great bulk of grain and heavy commodity traffic between west and east must continue to use the inland waterways.

184. If and when grain in any considerable volume passes out of the country by the Hudson's Bay route, there will still remain a very large tonnage which will seek the eastern and western ports, and it is not likely that the volume of traffic from west to east will vary greatly from the present figures. Increases in production have in general kept pace with the movement of grain to the Pacific coast, and it is more than likely that a similar experience will result from the opening of the port of Churchill to the export grain trade.

185. While on first consideration it might appear that the construction of canals which are free of all tolls to water carriers is in effect a form of state subsidy to a rival transport agency, yet in so far at least as bulk traffic in grain and heavy commodities is concerned, complaint is not made by the railways on this score. The imposition of tolls would not help and would probably hinder the railways as tending to discourage production. The Canadian Pacific Railway has now, and for many years has had, its own lake boats engaged in the carriage of passengers and package freight, and the Canadian National Railway has a working arrangement for the same purpose with one of the largest of the lakes shipping companies.

186. The further development of the St. Lawrence and lower lakes canal system, whereby package freight may pass from Montreal direct to the head of the lakes without transhipment may eventually make further inroads into the all-rail haul from east to west, but in the case of much of the package freight movement, time is an essential element, and the railways should be able to hold a large share of this movement against their slower competitor.

187. Water-borne traffic will continue to be a factor of major importance in Canadian transportation both on the inland waterways and coastwise through the Panama canal, but rail traffic has in the main been adjusted to the conditions now existing and it does not seem probable that the developments now under way and in contemplation in connection with the Hudson's Bay route, and the deepening of the St. Lawrence-Great Lakes canals, will seriously prejudice the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120532



position of the railways in the future. The competition of water-borne traffic has not been an important factor in bringing about the present difficulties of the railways.

## IV. FREIGHT RATES

188. While we have refrained from making any recommendations we recognize that the question of freight tariffs and tolls is inextricably bound up with the question of transport. The position at the moment, however, is difficult and complex. It has been represented to us by many competent witnesses that any increase in tolls would only impose a further handicap on the Canadian manufacturer and producer at a time when they can least afford to shoulder additional burdens, and that the increased tolls might have the effect of so restricting traffic as to afford little, if any, relief to the railways.

189. It would appear that, at the moment, any adjustment of the freight tolls and tariffs would be inadvisable, but we feel it our duty before passing from this question, to express the view that even under more favourable circumstances the financial position of the railways may be such as to demand that the whole question of tariffs and tolls, in its widest sense, should be the subject of special investigation, with a view to determining whether or not the existing tariffs and tolls charged for the conveyance of freight are just and reasonable both to the railways and their customers. In determining what is fair and reasonable to the railways regard should be had inter alia to the cost (including the remuneration of the capital invested) of providing these services.

## V. CONTRACTUAL RELATIONS WITH LABOUR

190. The wages and conditions of employment of a large majority of the employees of both railways are fixed by agreements with the trade unions concerned. A majority of these employees are members of trade unions which include not only employees of the railways in Canada but also of the railways in the United States. Whether by reason of this close affiliation, or for other reasons, it is the fact that the wages and conditions of service of railway employees in both countries are substantially on the same basis. In recent months the wages of the officers and employees of both systems have suffered certain reductions which have eased the burden upon the railways, and it is satisfactory to record that these changes have been made without any disturbance.

191. With the continuance of good relations between the management and employees of both systems, and a frank recognition of the serious financial situation, much can be done to ease the position of the railways, without imposing any undue hardship upon the employees.

## VI. SPECIAL DISABILITIES OF THE CANADIAN NATIONAL RAILWAY

### (a) Excessive Capitalization and Overhead Charges

192. The Canadian National System suffered under a heavy burden of capital liability and fixed charges with consequent unsatisfactory results of operations from the financial point of view. As this matter has already been dealt with in Chapter III no further reference to it need be made.

120533



### (b) Physical Disabilities of the National System

193. From 1917 to 1922, the management of the companies now comprised in the Canadian National System expended upon capital account in completion and improvement of the lines under their care the sum of $222,547,181. When the new management took over the consolidated lines in 1923, further capital expenditures were required to put the System in condition to obtain a proper share of traffic. The task of bringing the road and equipment to the standard required for efficient operation was undertaken with enthusiasm, and money for these purposes was generously supplied by Parliament.

194. In the result, there emerged an efficient transport system affording a service of high standard and with a loyal and enthusiastic staff of officers and employees, but the price was heavy. In the nine-year period, as will be seen from the figures set up in paragraph No. 49 of this report, there was expended for improvements and betterments to roadway, for rolling stock and on lake and river services and the Montreal terminal scheme, but excluding all branch line construction, $304,551,249. Capital for these purposes had to be raised by increasing the debt of the System. Fixed charges increased in this period by approximately $20,000,000. The introduction of new capital in so large a volume, with every dollar carrying liability for interest from the moment it was expended, would have caused in itself a difficult financial position for the railway, even if there had been no depression in business.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120534

## CHAPTER V

### PROPOSALS AND REMEDIES

195. We have carefully weighed the informing and voluminous evidence which has been placed before us in regard to a subject of major importance to the Canadian people, and, in arriving at our conclusions and making our recommendations, we have endeavoured to eliminate any considerations as to what might be theoretically the best course to pursue under other circumstances and in other countries, and to base our judgment solely on what is best for the people of Canada.

196. We have already made definite recommendations in regard to Road Transport, but the main problem before the commission is to secure relief to Canada from the heavy burden arising out of the railway situation. To attain this relief drastic measures of economy are imperative and schemes having this object in mind have been suggested.

#### I. PLANS

197. The complete amalgamation of the two systems has been suggested as a method, not only for attaining a maximum of economy, but also for the most effective use of the properties. This raises the question whether it may be done either by public or private ownership. Whatever merits or demerits this proposal may have, the time is not opportune for giving serious consideration to this particular remedy; neither complete public nor complete private ownership is possible.

To establish a monopoly of such magnitude and importance would place in the hands of those responsible for the administration of the system powers that would, if not properly exercised, prejudice the interests of the Dominion as a whole.

198. It has also been suggested that the Canadian National Railways should be leased to the Canadian Pacific Railway, either in perpetuity or for such a period as would afford an opportunity to effect substantial economies.

A lease in perpetuity presents certain difficulties. It would, whatever safeguards may be adopted, result in the establishment of a monopoly.

199. Other reasons which militate against a perpetual lease are twofold: first, should the population of Canada greatly increase, the volume of traffic would grow and the railway mileage be materially enlarged, with the result that the management of so great a system might well become unwieldy and necessitate segregation. The second reason is a natural and justifiable hesitation to commit, finally, future generations, and even the present one, to a policy adopted under the stress of difficult circumstances, which may not be best adapted to a new set of conditions difficult to forecast.

200. It is acknowledged that a short term lease (fifteen years for example) would not provide the opportunity for the full measure of economy afforded by amalgamation, or for the wholesale abandonments of functionally duplicate lines, although it was claimed for this plan that it would ensure:

(*a*) A considerable measure of improvement over the present situation and a clearly defined and undivided responsibility;



120535



(*b*) A valuable opportunity to weigh the advantages of unified operation in order that the people might decide, at a future date, and when the pressure of difficult financial conditions has been removed, as to the policy best adapted to the conditions, social and economic, of Canada;

(*c*) A desirable relief from the heavy demands made upon the resources of the Government, not only to cover operating deficits of the National System, but also capital expenditures, which demands must either place too heavy a burden upon the taxpayer or limit expenditures for other important and necessary improvements;

(*d*) That if as a condition of a short term lease a profit-sharing basis was developed, it would introduce in the unified operation of both systems the element of financial interest which would be conducive to efficient management;

(*e*) That removal of railway management from political interference would be achieved effectively without suggesting self-imposed limitations on the exercise of the powers of the Government of Canada.

An objection to this proposal is that under such a plan the systems would tend to merge and that at the termination of the lease it would be extremely difficult to re-establish them as separate entities.

201. These and other plans have not fulfilled the conditions which in our opinion are necessary to any practicable solution of the Canadian railway problem. That solution must have regard to the following:—

(i) Correct evils which admittedly are apparent in the operations of the past.

(ii) Provide machinery for co-operation between the two railways with a view to improving their financial position.

202. For the sake of clarity certain main considerations which have been present to our minds are here stated:—

(i) The identity of the two railway systems should be maintained.

(ii) The management of the National Railways should be emancipated from political interference and community pressure.

(iii) Machinery should be provided for co-operation between the two systems for the elimination of duplicate services and facilities and the avoidance of extravagance.

(iv) The attainment of a scale of economies which will bring the burdens of the National System within reasonable dimensions and effectively check extravagant and costly operation.

(v) Reasonable protection for the privately-owned undertaking against arbitrary action by the publicly owned undertaking which might unfairly prejudice the interests of the privately-owned undertaking.

In outline the plan we respectfully recommend for adoption is as follows:—

#### II. TRUSTEES

203. Three trustees should be appointed by the Governor in Council, in whom should be vested all the powers of the present Board of Directors of the Canadian National Railways, both in respect of the parent and all subsidiary corporations of the System; and any and every power and authority necessary to enable them to administer the property and operate the System and every part thereof.

Senators and Members of the House of Commons and persons holding or having within five years held office or place of profit under the Crown in the right of the Dominion or one of the provinces of Canada, should be disqualified for appointment.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120536



Vacancies among the trustees shall be filled from a panel of eight named by the remaining trustees.

204. One of the trustees should be named as chairman at the date of his appointment with tenure of office seven years. The terms of the remaining trustees should, in order to prevent them expiring on the same date with each other, or on the same date as that of the chairman, be for differing periods of less than seven years, to be fixed in each case in the Order in Council making the appointment. All trustees should be eligible for re-election. All should be persons of proved business skill and capacity; the chairman in particular should have financial, administrative, and executive ability of a high order. On the points of integrity and ability involved in these qualifications, there should be no possibility of doubt in the case of any appointee. The chairman should give his whole time to the duties of his office. All trustees should be paid adequately, the chairman in particular should receive a salary commensurate with the high responsibility with which he is charged, and the special qualifications he must be assumed to possess.

A majority of the trustees should govern its decisions, subject to this qualification that the chairman must be a member of any majority.

## III. BUDGET REQUIREMENTS OF SYSTEM

205. The annual budget of the railway should be under the control of the trustees. Amounts required for income deficits, including interest on railway obligations, for capital and for refunding, should first be submitted to the Treasury Board for its approval and presentation to Parliament by the Minister of Finance.

206. Since the debt of the System in the hands of the public is now very large and more than the railway can carry from its earnings even under improved conditions, sums which are required to meet deficits should be voted by Parliament annually and not raised by the issue of railway securities as has been done in recent years. This recommendation does not apply to capital for improvements and betterments nor to amounts required for refunding.

## IV. ANNUAL REPORT TO PARLIAMENT

207. A report to Parliament by the trustees should be made annually, and should set forth in a summary way the results of operations and the amounts expended on capital account, brought into comparison with the appropriations made by Parliament, so that the exact position shall be placed before Parliament. There should also be provision against utilizing appropriations for capital account to cover deficits in operation, or for interest, without the express authority of Parliament.

## V. AUDIT

208. A continuous audit of the accounts of the System should be made by independent auditors appointed by Parliament from a list or panel drawn up by the trustees and they should make a report to Parliament, calling attention to any matters which in their opinion call for remark. In view of the report of the auditors no examination of the detailed accounts of the System should be necessary by a parliamentary committee. For the purpose of supplying necessary information to Parliament the attendance of the trustees might be necessary. In the interests of discipline and to prevent prejudice to the relations that should prevail between trustees and the staff, we earnestly recommend that the officials of the company in charge of operations should not be asked to appear for examination

120537



134. The locomotive fuel bill of the two systems dropped from $58,242,655 in 1923 to $29,433,816 in 1931, both companies reducing these expenditures by one-half. The reduction in the price of coal has been but slight, but the drop in tonnage has been considerable. The proportion that fuel bears to the general cost of railway operation is shown in the following statement:—

| Operating Ratios | Canadian National | | Canadian Pacific | |
|---|---|---|---|---|
| | 1923 | 1931 | 1923 | 1931 |
| | per cent | per cent | per cent | per cent |
| Fuel for locomotives | 13·12 | 8·55 | 12·09 | 8·69 |
| Other operating expenses | 78·66 | 91·16 | 68·91 | 71·62 |
| Total | 91·78 | 99·71 | 81·00 | 80·31 |

It will be noted that while the Canadian National fuel ratio dropped from 13·12 per cent to 8·55 per cent, the ratio of other operating expenses increased from 78·66 per cent to 91·16 per cent, not only effecting the saving in fuel but increasing the ratio of total operating expenses to revenues by 7·93 per cent.

135. In seeking a "yard stick" by which to measure operating results of the Canadian National Railways it has been customory to take Canadian Pacific Railway performance. This, however, must not be regarded as an absolute criterion. Operating costs are bound to be affected by differences in size of the properties, the purpose as well as the type and standard of construction, the general physical condition, the differences in character and volume of traffic, average haul of freight, and train and car loadings. However, if the level of expenses of the Canadian Pacific is to be accepted as measurably determining what the relative operating charges of the National lines should be, the information placed before us by the experts who have been engaged in correlating the statistical data of the two systems indicates that the operating costs of the Canadian National System are in certain particulars much higher than they should be. This would appear to be the case in the item of supervisory expenses, also in station and yard services. The Canadian National costs were greater than the Canadian Pacific by 63·5 per cent for superintendence, 38·2 per cent for station service, and 69·7 per cent for yard service, while the train mileage of the National lines was only 22·8 per cent, and the car mileage 34·9 per cent greater than that of the Canadian Pacific.

136. The immense expenditures of the Canadian National for the improvement of its property, the larger additions to its rolling stock, the advantages of increased tractive power, and the more generous expenditure upon the upkeep of its property, should have made possible a great improvement in operating performance. Whether the improvement actually secured has been commensurate with the expenditure involved is a moot question.

## IX. OPERATING RATIOS

137. The operating ratio of a railway (being the proportion of operating expenses to operating revenues) is generally regarded as indicative of the efficiency of operation and management of an enterprise. Under comparable conditions an increase in this ratio would indicate a falling off in the efficiency of the railway; a decrease in the ratio would suggest greater efficiency.

138. In comparing the performance of two railway systems on the basis of operating ratios, it is necessary, before drawing conclusions, to make allowance for factors that may adversely affect results in the case of one or the other, and to ascertain as far as possible that the figures that enter into the calcula-



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120538



tions are on a comparable basis. A detailed analysis and comparison of the operating accounts of the Canadian National and Canadian Pacific was made by an independent railway accountant employed by the commission to ensure a fair basis of comparison between the accounts. The results of this comparison appear in the following table:—

OPERATING RATIOS

| Year | Canadian National | Canadian Pacific |
|---|---|---|
| | per cent | per cent |
| 1923 | 91·8 | 81·0 |
| 1924 | 92·5 | 80·5 |
| 1925 | 86·7 | 77·3 |
| 1926 | 82·5 | 75·8 |
| 1927 | 84·9 | 78·3 |
| 1928 | 82·0 | 75·4 |
| 1929 | 85·6 | 77·3 |
| 1930 | 91·4 | 78·4 |
| 1931 | 99·8 | 80·3 |

139. There are undoubtedly factors that adversely affect the Canadian National in comparison with the Canadian Pacific. The officers of the National system operate two great railroads which were constructed as competitors, with consequent duplication of tracks, shops and facilities, a condition which the co-ordination which has gone on progressively for a decade has not yet entirely overcome. There are also considerations of lighter traffic and shorter average haul with consequent greater terminal and yard expenses in the case of the National lines.

140. The Canadian Pacific was constructed and developed as a single unified system of railways and thus avoided many of the disadvantages which apply to the Canadian National system.

141. An analysis and comparison of accounts of both companies, with due regard to the considerations put forward by the Canadian National as adversely affecting their operations, do not, in our opinion, justify the very considerable differences in the operating ratjos of the two systems.

## X. POLITICAL AND PUBLIC PRESSURE

142. The conduct of the affairs of the National Railway has been subjected in the past to political and public pressure. It is, however, necessary to make a distinction between unwarranted political interference and the influence of broad public policy. To the latter category belong several of Canada's major transportation schemes, such as the Intercolonial and Canadian Pacific projects, which were the outcome of definite political arrangements based upon broad national considerations. Others, such as the original Grand Trunk, in a lesser sense, and the Canadian Northern and Grand Trunk Pacific in more marked degree, represented a compromise between the aims of private promoters and the endeavour of the state to turn those ambitions to national advantage. While certain of these projects became warmly contested political issues, they were endorsed by the Canadian electorate at successive general elections, and were accepted as approved national policy.

143. The majority recommendations of the Royal Commission on Railways and Transportation in 1917 were designed to provide safeguards against political interference which is instinctively to be feared in the conduct of a public enterprise of the magnitude and character of the Canadian National Railways. But

120539



the Government of the day declined to follow the plan of organization recommended by the commission, which was in substance to place control in a permanent and self-perpetuating Board of Trustees.

144. There was adopted, instead, the plan which is contained in the Canadian National Railway Act. This Act provides for a Board of Directors to a maximum number of seventeen, appointed by Order in Council, holding office from year to year. Appointment to the office of chairman of the board and president of the company is made by the Government, and concurred in by the board.

145. Under the circumstances, the directors' functions have been in practice nothing more than advisory. It would seem that they generally gave formal approval to programs of expenditures which they appeared to regard as the main concern of the president and the Government. This left the railway open to political influence and to public pressure exerted by communities and by associations of business and labour interests.

146. Of direct political interference by ministers and members of Parliament in the detail operations of the railway, we were assured by the officials there was little or none. It was in the larger sphere of policy that political considerations led to unwise and unnecessary capital expenditures, the result of which was to create an atmosphere in which the ordinary principles of commercial operation of the railway were lost sight of.

147. The President of the Canadian National Railways, in a considered statement made to this commission in the course of its inquiry, expressed the following views:—

"One of the inherent disadvantages of any state-owned enterprise such as the Canadian National Railway, is the problem of political interference—and one might also add, public pressure. In making this statement I wish it distinctly understood that I imply no criticism of any party or any government, present or past. I merely state a fundamental and universally admitted condition.

"The leaders of all political parties and the people of Canada as a whole are a unit in their desire to prevent political invasion of the Canadian National Railway. But the plain fact is that, irrespective of such wishes and desires, the problem presents difficulties beyond the control of our leaders, be they ever so patriotic or high minded. After all in any form of popular government it must be accepted as axiomatic that the business of government is politics and, irrespective of whether one likes it or not, politics is something with which a government must reckon in all its activities."

148. The President of the Canadian Pacific appeared to be more concerned over the activities of what he termed "politically-minded" executives of the publicly-owned railway than he was over straight political pressure for definite ends. He said:—

"We talk a great deal about political interference being damaging to railway operations, and we know that that is true, generally speaking. But when we say it we seem to think the only political influence is that exercised by a government, or a member of government, or a member of parliament. To my mind the worst kind comes from the political attitude of men in publicly-owned institutions. Possibly they are not conscious of it, but they become politically-minded; their policies and actions have a political tinge, and that, from my standpoint, is more serious as representing the attitude of the corporation than the isolated act of a member of parliament who tries to get a man employed.

"Years ago the ability of privately-owned railway companies to withstand political pressure was somewhat limited. To-day it is nothing like it was, because we can say 'no' to that kind of pressure. But the politics that develop inside an organization because it is publicly-owned, and not privately-owned, is a serious thing.

"We spoke of not being able to anticipate what government policies would be towards any railway, and I believe we cannot tell from year to year what the policy of any government would be in respect of its railway property. Providing it owns it, and has a measure of control of its policies, and so long as they are putting up the money we cannot avoid that possibility."



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120540



149. Possibly the year 1929 affords a striking example of what political and public pressure, presumably, were able to accomplish.

150. The Canadian National Railway requirements authorized by Parliament during the fiscal year 1929-30 were as follows:—

| | | |
|---|---|---|
| Canadian National Railway Budget for 1929 | $ 53,750,000 | |
| Canadian National Eastern Lines Deficit (1929) and 20 per cent reduction in tolls | 6,808,172 | |
| Prince Edward Island Car Ferry construction | 2,500,000 | |
| Branch Line Construction (1929-1932) | 30,136,325 | |
| Montreal Terminals (Construction) | 50,000,000 | |
| Acquisition of Railways | 31,247,500 | |
| New Equipment Issue | 18,000,000 | |
| | | $ 192,441,997 |

In addition, construction programs were proceeding under prior legislation, the unused authorities being for:—

| | | |
|---|---|---|
| Branch Lines Construction | $ 9,482,021 | |
| Toronto Terminals Construction | 3,583,863 | |
| | | $ 13,065,884 |
| Total expenditures authorized | | $ 205,507,881 |

151. The actual cash expenditures during the same year covered by these authorizations amounted to $113,859,777, the balance, $91,748,104, being chargeable to subsequent years as construction work proceeded or obligations on account of roads purchased matured.

The foregoing does not take into account other legislation which provided for the refunding of $18,000,000 of maturing securities, nor $6,396,000 voted for the Hudson Bay Railway and terminal development, in the same year.

152. The net increase in funded debt of the Canadian National due the public for the year 1929 amounted to $144,670,459; whereas the annual increase for the previous six years had averaged $28,897,648.

153. Annual interest on the funded debt in the hands of the public, which, at the end of year 1928, was $41,810,880, increased to $55,587,145 at the end of the year 1931, due largely to the expansion policies of 1929.

154. When considering the scale upon which branch line extensions and acquisitions, as well as hotel expenditures were made, and railway and steamship services duplicated, it is impossible to avoid the conclusion that the Board of Directors and the management of National Railways were amenable to political influence and pressure, which it would have been in the public interest to have withstood.

120541

# CHAPTER IV

## CONTRIBUTORY CAUSES OF THE RAILWAY PROBLEM

155. Before proceeding to discuss remedies for a solution of the transportation problem, it is proposed to summarize the factors that have contributed to our present situation. There may be differences of opinion in regard to the relative importance of these several factors, but there can be none as to their cumulative effect upon the railways or as to the necessity for a genuine attempt to improve the situation, both in the interests of the railways themselves and of the tax-payers of Canada. The principal contributory causes have been:—

1. The over-development of railways beyond the immediate needs of the country.
2. Aggressive and uncontrolled competition between two nation-wide railway enterprises, a competition the more disastrous in that one of the competitors was publicly-owned and supported by the full resources of the Dominion.
3. The reactions of the world trade repression which began in 1929 and has progressively increased in its severity with each succeeding year.
4. Competition from other forms of transport, notably road transport.
5. Inelasticity of freight rates and railway practice generally which prevents prompt action in the meeting of falling revenues and dealing effectively with competition from other forms of transport.
6. Contractual arrangements with labour organizations which set up a rigid wage scale and inflexible labour practices generally.
7. The special disabilities of the Canadian National Railways due to:—
   (*a*) Assumption, through Government action, of liabilities of insolvent railway systems for reasons of national credit.
   (*b*) Large capital expenditures for improvement of the physical condition of the absorbed systems.
   (*c*) Political and community pressure on the management arising out of direct government control.

Of these items, three have already been dealt with in the preceding chapters, *i.e.*, aggressive and uncontrolled competition, political and community pressure on the management of the Canadian National, and the burden of excessive capital liabilities of the latter system. No further discussion of these matters is called for here.

### I. EXCESS MILEAGE

156. In the earlier part of this report emphasis has been laid on the excess mileage of Canadian railways. The policy of branch line expansion in the period 1924 to 1930 has also been dealt with. It has been pointed out that the population per mile of steam railways in the United States is more than double that in the Dominion, and competent railway authorities in the United States concede that there is a great excess of mileage in their country. Reference has been made to the low traffic densities prevailing upon the greater part of the Canadian mileage. The traffic density maps, which accompany this report, tell the story in graphic form. In the interests of sound railway practice,



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120542



a careful examination of all light traffic lines should be undertaken forthwith by both railways to determine what should be retained and what should be abandoned. Where the decision is for abandonment, operations should be promptly suspended, and the salvaged material recovered then or later. Thought should be given to the operation of a considerable mileage during a portion of the year only. Radical reductions, not only in the service on these light traffic lines, but also in the mileage of this group is essential if economic security is to be restored to the railways.

## II. TRADE DEPRESSION

157. In so far as the position of the Canadian railways is the result of the depression in world trade, they have merely shared the general fate of most industries and of railways in other countries. In the United States of America the recession in railway earnings did not appear until 1930, but by the end of 1931 the net operating income of the Class I roads had fallen from $1,395,348,471 to $662,314,465, (more than 50 per cent) which is greater than the reduction shown by the Canadian Pacific Railway Company. The more favourable showing of this company is no doubt due to the drastic reductions in working expenses and services, undertaken at an earlier date than on the United States roads, and therefore showing their full effects in 1931. Since any measures looking to a revival of trade are beyond the scope of the Commission's inquiry, we pass from this topic with the observation that an increase in traffic of even 20 per cent above the figures for 1931, which would still be below the gross earnings for 1925 would result in substantial improvement in the railway position in Canada. Experience gained in operating at reduced costs in the last two or three years should not be lost and should therefore be reflected in a greater ratio of net earnings.

## III. COMPETITION FROM OTHER TRANSPORT AGENCIES

### (a) Road Transport

158. Road transport in the past decade has challenged the supremacy of the railways in the field of transportation both in the conveyance of passengers and freight. In 1923 there were 515,178 private automobiles registered in Canada, while in 1931 this figure had increased to 1,024,385, an increase of nearly 100 per cent. During the same period motor coaches undoubtedly increased considerably. Records for years prior to 1927 are not available but the number of motor coaches registered in 1931 was 1,636, and this represented an increase of 61 per cent over 1927. Motor trucks, both privately-owned and common carrier, now number 165,855, which represents an increase of 214 per cent over the number registered in 1923. The total motor vehicle registrations (exclusive of motorcycles) increased during the period we have under review (viz. 1923 to 1931) from 576,668 to 1,197,188, or more than 100 per cent. This development has brought about a lasting revolution in the travel habits of the people, and in many respects has wrought a transformation in the economic and social life of the country. It has given facilities for transport never before enjoyed by the general public, and has given trade and industry facilities of great and permanent value.

159. But, while the motor vehicle has done much to create and stimulate travel, it has also effected the diversion of a considerable volume of traffic from the railways. It is the private automobile which has mainly been responsible for the diversion of the bulk of the passenger traffic to the highways, with the result that the short distance passenger traffic of the railways has shrunk to small proportions and their long distance passenger traffic is threatened. The

120543



transfer of traffic from the railways to the motor coach has not in the aggregate reached, as yet, large dimensions, but the use of this agency of transport is increasing and its effect upon the railways has, in some of the more densely populated districts, already been considerable. In the conveyance of freight, the motor truck, principally the privately-owned, has made serious inroads into the short-distance traffic of the railways.

160. In fairness to the road vehicle, it should be stated that this diversion of traffic from the railways to the highways is in many cases due to the fact that conveyance by road is intrinsically a more suitable form of transport, either because the convenience afforded by the road vehicle outweighs other considerations, or because it is definitely cheaper. But in so far as the diversion is due to lower costs as a result of road vehicles not bearing their fair share of the cost of the highways which they use, or because they are free from regulations analagous to those imposed on other forms of transport, then such a diversion may very well be opposed to the best interests of the country's welfare.

161. With the extension of hard-surface roads and the increasing mileage kept open in the winter, a wider use of motor vehicles must be anticipated and such an extension will bring in its train further diversion of traffic from the railways. In seeking a permanent solution of the railway problem in Canada this comparatively new and convenient form of transport, and its effect upon the railways, cannot be ignored, and a fair basis of competition between these two transport agencies, in so far as they are acting as common carriers of either passengers or freight, must be found, not only in the legitimate interests of the railways but also in the interests of the public and trade and industry generally. We feel that not only is unfair competition between railways definitely harmful to the general welfare but that unfair and unregulated competition between railways and road operators is also damaging, resulting as it does in waste and duplication of effort.

162. In an appendix to this report we have included a chapter giving statistics of highway transport in Canada and information as to the fees charged and the regulations imposed by provincial governments, together with a summary of the views submitted to us of various highway authorities and of those engaged in the motor transport industry.

163. It is generally recognized that there is a need for regulating road motor services and for equalizing the conditions under which road and rail services are provided. Especially is this need recognized when regard is had to the extent of the regulations imposed on the railways, to the almost entire absence of regulations of road operators, particularly those operating freight services, and to the fact that it has been the practice to establish railway freight rates on the assumption that the transportation of freight was to all intents and purposes the monopoly of the railways. Upon this hypothesis tariffs and tolls have been established on a comparatively high scale (when regard is had to the actual cost of operation) for the carriage of short distance package freight and for express services, and upon a lower and less remunerative scale for the transportation of heavy and bulky commodities which are generally conveyed over long distances.

164. If the railways lose a large part of their profitable short distance traffic to the roads a readjustment of the whole freight rate structure may be necessary, with a possible increase in the rates charged for the long distance and heavy freight traffic.

165. It is essential that the country should have the free and unhampered use of the cheapest forms of transport and therefore no restrictions which would unfairly prejudice the road user should be imposed. The railways themselves should be empowered to provide and operate services of road vehicles, subject

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120544



to whatever restrictions are imposed upon other road transport operators. On the other hand, in our opinion, in Canada, where of necessity freight must be conveyed in large quantities over long distances at all times of the year, railway transportation is essential to the economic welfare of the country. Because they are essential and because the railway freight rate structure implies conditions approximating to a quasi-monopoly, the railways require, if they are to continue to operate efficiently, a measure of protection from long distance road competition and an equalization of the conditions under which short distance traffic is carried.

166. Any restrictive regulations imposed on the road vehicle will not determine the division of the functions as between roads and railways except to a relatively limited extent. In our view, this division of function will not be best obtained through the arbitrary action of governments, but rather through the efforts of those engaged in the transport industry. By concentrating less on mutual competition and by turning their energies to the co-ordination of the services they provide, a properly co-ordinated system of transport will be evolved. In our view the true function of road transport, in such a co-ordinated system, as auxiliary and complementary to the steam railways, would appear.

167. Under the constitution of Canada regulation of road transport falls within the exclusive jurisdiction of provincial authorities. While the Dominion Government is not limited by the constitution in the matter of taxation, in practice road vehicle taxes are imposed solely by the provinces. These considerations make it inadvisable for us to make any specific recommendations in regard to the regulation and taxation of road transport. The federal and provincial governments in co-operation should, however, examine this question of the regulation and taxation of road motor vehicles with a view to equalizing the conditions under which road and rail transport is carried on, and to securing uniformity throughout the Dominion. A joint inquiry in which both federal and provincial governments were represented should enable a measure of agreement to be reached upon the general principles which should govern the regulation and taxation of motor vehicles using the public highways. The administration and adaptation from time to time of the agreed principles of road transport might be left to a consultative committee consisting of representatives of the various provincial governments and of the federal Government.

168. In our view the general principles upon which operators of road passenger services and common and contract carriers of freight should be regulated are as follows:—

(i) Schedules of rates and charges should be published.
(ii) Within those schedules common carriers of freight should accept and carry what is offered to them without discrimination between customers and commodities.
(iii) Operators should be insured against all risks, including third party risks.
(iv) Operators should keep accounts on a prescribed system and render returns to appropriate public authority on a common basis.
(v) Minimum standards in regard to working conditions, including wages and hours of labour, should be required.
(vi) In the interests of the safety of the public, a standard of fitness should be required of all operators in regard to their vehicles.
(vii) Due regard should be had to the preservation of road surfaces, and, to this end, restrictions should be imposed upon the size and weight of road vehicles in accordance with the type and character of the highway.

120545



169. Furthermore, we consider that any joint inquiry that may be set up to examine this question should give serious attention to the institution throughout the Dominion of a uniform system of licensing (in addition to the existing licensing for revenue purposes) of road passenger service vehicles and motor vehicles used for the conveyance of freight, whether operated as common carriers, contract carriers, or used exclusively for the conveyance of the freight of their owners. Under such a system it is suggested that a licence should only be granted to common carriers of passengers and freight where it can be proved to the satisfaction of the licensing authority that the service rendered, or proposed to be rendered, is in the public interest.

170. As regards the taxation of road motor vehicles, the amount of such taxation, including the tax on gasoline, should reflect a fair proportion of the cost of providing and maintaining the highways. A fair proportion would, in our opinion, be equivalent to two-thirds of the total cost in respect of highways in urban areas, while in the more undeveloped districts the proportion might be increased. As to the distribution over the various classes of vehicles, it is suggested that the scales of taxation should be so adjusted as to fall with greater severity upon the heavy long distance traffic.

### (*b*) Aviation

171. The development of aviation has been one of the phenomena of the present century and with the advance of aeronautical science, aircraft will play an increasingly important part as an agency of transport. Particularly will this be the case in this country where the physical and geographical characteristics, the sparsity of the population and the long distance between the centres of the population, all tend to favour air transport.

172. Good progress has already been made in the development of this new transportation instrument and much credit is due to those whose responsibility it is to foster that development. The aeroplane is already accepted as a normal means of transport throughout very large areas in Northern Canada. It has rendered possible travel to the farthest limits of the Dominion, with speed and comparative safety and without the large capital expenditures which are inseparable from roads and railways.

173. Great as are it potentialities, aviation is still in its infancy and we feel that it is too early to make any specific recommendations in regard to air transport. The Dominion Government should, however, keep in close touch with the developments which are taking place, and which will to an increasing extent take place in the field of aviation. It is encouraging to observe that the two principal railways have recognized the importance of the newer mode of travel and their investment in one of the largest aviation undertakings in the Dominion may well prove to be the foundation of a proper co-ordination between these two agencies of transport.

### (*c*) Waterways

174. For eight months of the year the facilities of the railways of Canada are duplicated through approximately one-third of their length by a system of inland water transportation which, developed by the Government at great cost, furnishes shippers of long-haul bulk commodities with a service at rates with which the railways are unable to compete. During the navigation season our inland waterway absorbs not only practically the whole of the eastbound export grain traffic from the head of the lakes to lower lake ports, but a considerable portion of internal traffic of the Eastern and Central regions in bulk commodities, such as coal, iron ore and cement.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120546

175. The explanation of the apparent anomaly of a system of inland water transport, dependent upon canals, operating upon a vast scale, partly in conjunction, but largely in substitution for modern rail transport, is that in natural expanse, safety, despatch, and capacity, not to speak of sources of traffic, the Great Lakes-St. Lawrence waterway is without a counterpart among systems of inland navigation. To provide continuous navigation from Montreal through twelve hundred miles of lake and river and to the head of lake Superior has required only seventy miles of canalization. Indeed conditions of navigation on these great bodies of water present a resemblance much closer to the scale and freedom of ocean transport than to the restrictions of the narrow inland waterways which the original advent of railways so largely superseded.

176. The sources of traffic are as extensive as the system itself. Draining the mid-continental basin, the Great Lakes-St. Lawrence route provides not only an interior system of unique length, but an outlet, the sole large outlet by water, to the North Atlantic seaboard, for the widest and richest agricultural areas of both Canada and the United States.

177. The arterial pulse of the movement of commerce through the Great Lakes navigation system is to be found in the Canadian and United States locks at Sault Ste. Marie. It is not generally appreciated that the traffic through the St. Mary's river connecting lakes Superior and Huron is, in a normal season, in excess of the combined anuual traffic through the Panama, the Suez, the Kiel and the Manchester Ship canals. In 1929 the total traffic passed at Sault Ste. Marie (Canadian and United States locks) was 92,616,808 tons; for the Panama it was 30,663,006; for the Suez, 33,466,014; for the Kiel, 21,613,088; and for the Manchester, 6,558,598, a total, for the four salt-water canals of 92,300,000, or a slightly less tonnage than that of the fresh-water system as registered at the principal tally point for our international inland waters.

178. As a result of the trade depression the decline in the ore and grain traffic of the upper lakes is strikingly indicated by the decrease in tonnage passing through the combined Sault Ste. Marie canals since 1929. In 1930, it dropped to 72,897,895 from the peak ninety-two millions in 1929, and to 44,606,325 in the season of navigation of 1931, or more than 50 per cent.

179. Plying these waters are scores of vessels of more than 600 feet in length and of 60 and 70 feet beam, some capable of carrying in a single load 17,000 tons, or 566,666 bushels of grain. The completion of the new Welland Ship canal has admitted these large upper lake freighters to lake Ontario and the upper St. Lawrence waters, and only one hundred miles of river remain to be dealt with to completely modernize the Great Lakes-St. Lawrence route from the ocean to the heart of the North American continent.

180. In 1931, by no means a representative year, the total traffic through the purely Canadian canals along this route amounted to 16,189,074 tons. This figure would necessarily include duplications of cargoes carried through two or more canals. To this movement 27,651 vessels contributed.

The classes of commodities carried included:

| | Tons |
|---|---|
| Agricultural products | 7,737,307 |
| Animal products | 15,830 |
| Manufactures | 2,976,780 |
| Products of forests | 748,419 |
| Products of mines | 4,690,738 |
| Total | 16,189,074 |

181. Two-thirds of the movement of agricultural products, as listed above, consisted of grain, principally wheat. Canadian wheat passing through the



120547

Canadian and United States locks at Sault Ste. Marie during the season of 1931 amounted to 146,016,991 bushels, compared with 312,425,869 bushels in 1928.

182. The magnitude of this inland shipping route to the Atlantic should not be allowed to obscure the great importance to Canada of the Panama canal, not merely as a means of increasing the flow of export grain through the port of Vancouver, but in promoting generally the export trade of British Columbia. Nor should the effect upon Canadian transport generally of the utilization of the Panama canal as an alternative route for Canadian transcontinental traffic be overlooked. During the year ending June 30, 1930, Canadian inter-coastal cargo used this canal to the extent of approximately 180,000 tons westbound and 190,000 tons eastbound.

183. Railway transportation in so far as the movement of grain and bulk commodities is concerned has been largely adjusted to the problem presented by competition from the great inland waterway. The railways carry to and from the head of the lakes and to and from the lower lake ports. The movement of grain in particular is dependent on low inland water transport and the fortunes of the railways themselves in Western Canada are dependent upon the ability of the grain grower to place his product at low cost at ocean ports. In this movement to the eastern coast the inland waterways are a necessary part. If the producers of Western Canada are to continue in the business of growing for export the great bulk of grain and heavy commodity traffic between west and east must continue to use the inland waterways.

184. If and when grain in any considerable volume passes out of the country by the Hudson's Bay route, there will still remain a very large tonnage which will seek the eastern and western ports, and it is not likely that the volume of traffic from west to east will vary greatly from the present figures. Increases in production have in general kept pace with the movement of grain to the Pacific coast, and it is more than likely that a similar experience will result from the opening of the port of Churchill to the export grain trade.

185. While on first consideration it might appear that the construction of canals which are free of all tolls to water carriers is in effect a form of state subsidy to a rival transport agency, yet in so far at least as bulk traffic in grain and heavy commodities is concerned, complaint is not made by the railways on this score. The imposition of tolls would not help and would probably hinder the railways as tending to discourage production. The Canadian Pacific Railway has now, and for many years has had, its own lake boats engaged in the carriage of passengers and package freight, and the Canadian National Railway has a working arrangement for the same purpose with one of the largest of the lakes shipping companies.

186. The further development of the St. Lawrence and lower lakes canal system, whereby package freight may pass from Montreal direct to the head of the lakes without transhipment may eventually make further inroads into the all-rail haul from east to west, but in the case of much of the package freight movement, time is an essential element, and the railways should be able to hold a large share of this movement against their slower competitor.

187. Water-borne traffic will continue to be a factor of major importance in Canadian transportation both on the inland waterways and coastwise through the Panama canal, but rail traffic has in the main been adjusted to the conditions now existing and it does not seem probable that the developments now under way and in contemplation in connection with the Hudson's Bay route, and the deepening of the St. Lawrence-Great Lakes canals, will seriously prejudice the

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120548



position of the railways in the future. The competition of water-borne traffic has not been an important factor in bringing about the present difficulties of the railways.

## IV. FREIGHT RATES

188. While we have refrained from making any recommendations we recognize that the question of freight tariffs and tolls is inextricably bound up with the question of transport. The position at the moment, however, is difficult and complex. It has been represented to us by many competent witnesses that any increase in tolls would only impose a further handicap on the Canadian manufacturer and producer at a time when they can least afford to shoulder additional burdens, and that the increased tolls might have the effect of so restricting traffic as to afford little, if any, relief to the railways.

189. It would appear that, at the moment, any adjustment of the freight tolls and tariffs would be inadvisable, but we feel it our duty before passing from this question, to express the view that even under more favourable circumstances the financial position of the railways may be such as to demand that the whole question of tariffs and tolls, in its widest sense, should be the subject of special investigation, with a view to determining whether or not the existing tariffs and tolls charged for the conveyance of freight are just and reasonable both to the railways and their customers. In determining what is fair and reasonable to the railways regard should be had inter alia to the cost (including the remuneration of the capital invested) of providing these services.

## V. CONTRACTUAL RELATIONS WITH LABOUR

190. The wages and conditions of employment of a large majority of the employees of both railways are fixed by agreements with the trade unions concerned. A majority of these employees are members of trade unions which include not only employees of the railways in Canada but also of the railways in the United States. Whether by reason of this close affiliation, or for other reasons, it is the fact that the wages and conditions of service of railway employees in both countries are substantially on the same basis. In recent months the wages of the officers and employees of both systems have suffered certain reductions which have eased the burden upon the railways, and it is satisfactory to record that these changes have been made without any disturbance.

191. With the continuance of good relations between the management and employees of both systems, and a frank recognition of the serious financial situation, much can be done to ease the position of the railways, without imposing any undue hardship upon the employees.

## VI. SPECIAL DISABILITIES OF THE CANADIAN NATIONAL RAILWAY

### (a) Excessive Capitalization and Overhead Charges

192. The Canadian National System suffered under a heavy burden of capital liability and fixed charges with consequent unsatisfactory results of operations from the financial point of view. As this matter has already been dealt with in Chapter III no further reference to it need be made.

120549



### (b) Physical Disabilities of the National System

193. From 1917 to 1922, the management of the companies now comprised in the Canadian National System expended upon capital account in completion and improvement of the lines under their care the sum of $222,547,181. When the new management took over the consolidated lines in 1923, further capital expenditures were required to put the System in condition to obtain a proper share of traffic. The task of bringing the road and equipment to the standard required for efficient operation was undertaken with enthusiasm, and money for these purposes was generously supplied by Parliament.

194. In the result, there emerged an efficient transport system affording a service of high standard and with a loyal and enthusiastic staff of officers and employees, but the price was heavy. In the nine-year period, as will be seen from the figures set up in paragraph No. 49 of this report, there was expended for improvements and betterments to roadway, for rolling stock and on lake and river services and the Montreal terminal scheme, but excluding all branch line construction, $304,551,249. Capital for these purposes had to be raised by increasing the debt of the System. Fixed charges increased in this period by approximately $20,000,000. The introduction of new capital in so large a volume, with every dollar carrying liability for interest from the moment it was expended, would have caused in itself a difficult financial position for the railway, even if there had been no depression in business.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120550

# CHAPTER V

## PROPOSALS AND REMEDIES

195. We have carefully weighed the informing and voluminous evidence which has been placed before us in regard to a subject of major importance to the Canadian people, and, in arriving at our conclusions and making our recommendations, we have endeavoured to eliminate any considerations as to what might be theoretically the best course to pursue under other circumstances and in other countries, and to base our judgment solely on what is best for the people of Canada.

196. We have already made definite recommendations in regard to Road Transport, but the main problem before the commission is to secure relief to Canada from the heavy burden arising out of the railway situation. To attain this relief drastic measures of economy are imperative and schemes having this object in mind have been suggested.

### I. PLANS

197. The complete amalgamation of the two systems has been suggested as a method, not only for attaining a maximum of economy, but also for the most effective use of the properties. This raises the question whether it may be done either by public or private ownership. Whatever merits or demerits this proposal may have, the time is not opportune for giving serious consideration to this particular remedy; neither complete public nor complete private ownership is possible.

To establish a monopoly of such magnitude and importance would place in the hands of those responsible for the administration of the system powers that would, if not properly exercised, prejudice the interests of the Dominion as a whole.

198. It has also been suggested that the Canadian National Railways should be leased to the Canadian Pacific Railway, either in perpetuity or for such a period as would afford an opportunity to effect substantial economies.

A lease in perpetuity presents certain difficulties. It would, whatever safeguards may be adopted, result in the establishment of a monopoly.

199. Other reasons which militate against a perpetual lease are twofold: first, should the population of Canada greatly increase, the volume of traffic would grow and the railway mileage be materially enlarged, with the result that the management of so great a system might well become unwieldy and necessitate segregation. The second reason is a natural and justifiable hesitation to commit, finally, future generations, and even the present one, to a policy adopted under the stress of difficult circumstances, which may not be best adapted to a new set of conditions difficult to forecast.

200. It is acknowledged that a short term lease (fifteen years for example) would not provide the opportunity for the full measure of economy afforded by amalgamation, or for the wholesale abandonments of functionally duplicate lines, although it was claimed for this plan that it would ensure:

(*a*) A considerable measure of improvement over the present situation and a clearly defined and undivided responsibility;



120551



(*b*) A valuable opportunity to weigh the advantages of unified operation in order that the people might decide, at a future date, and when the pressure of difficult financial conditions has been removed, as to the policy best adapted to the conditions, social and economic, of Canada;

(*c*) A desirable relief from the heavy demands made upon the resources of the Government, not only to cover operating deficits of the National System, but also capital expenditures, which demands must either place too heavy a burden upon the taxpayer or limit expenditures for other important and necessary improvements;

(*d*) That if as a condition of a short term lease a profit-sharing basis was developed, it would introduce in the unified operation of both systems the element of financial interest which would be conducive to efficient management;

(*e*) That removal of railway management from political interference would be achieved effectively without suggesting self-imposed limitations on the exercise of the powers of the Government of Canada.

An objection to this proposal is that under such a plan the systems would tend to merge and that at the termination of the lease it would be extremely difficult to re-establish them as separate entities.

201. These and other plans have not fulfilled the conditions which in our opinion are necessary to any practicable solution of the Canadian railway problem. That solution must have regard to the following:—

(i) Correct evils which admittedly are apparent in the operations of the past.

(ii) Provide machinery for co-operation between the two railways with a view to improving their financial position.

202. For the sake of clarity certain main considerations which have been present to our minds are here stated:—

(i) The identity of the two railway systems should be maintained.

(ii) The management of the National Railways should be emancipated from political interference and community pressure.

(iii) Machinery should be provided for co-operation between the two systems for the elimination of duplicate services and facilities and the avoidance of extravagance.

(iv) The attainment of a scale of economies which will bring the burdens of the National System within reasonable dimensions and effectively check extravagant and costly operation.

(v) Reasonable protection for the privately-owned undertaking against arbitrary action by the publicly owned undertaking which might unfairly prejudice the interests of the privately-owned undertaking.

In outline the plan we respectfully recommend for adoption is as follows:—

### II. TRUSTEES

203. Three trustees should be appointed by the Governor in Council, in whom should be vested all the powers of the present Board of Directors of the Canadian National Railways, both in respect of the parent and all subsidiary corporations of the System; and any and every power and authority necessary to enable them to administer the property and operate the System and every part thereof.

Senators and Members of the House of Commons and persons holding or having within five years held office or place of profit under the Crown in the right of the Dominion or one of the provinces of Canada, should be disqualified for appointment.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

120552



Vacancies among the trustees shall be filled from a panel of eight named by the remaining trustees.

204. One of the trustees should be named as chairman at the date of his appointment with tenure of office seven years. The terms of the remaining trustees should, in order to prevent them expiring on the same date with each other, or on the same date as that of the chairman, be for differing periods of less than seven years, to be fixed in each case in the Order in Council making the appointment. All trustees should be eligible for re-election. All should be persons of proved business skill and capacity; the chairman in particular should have financial, administrative, and executive ability of a high order. On the points of integrity and ability involved in these qualifications, there should be no possibility of doubt in the case of any appointee. The chairman should give his whole time to the duties of his office. All trustees should be paid adequately, the chairman in particular should receive a salary commensurate with the high responsibility with which he is charged, and the special qualifications he must be assumed to possess.

A majority of the trustees should govern its decisions, subject to this qualification that the chairman must be a member of any majority.

## III. BUDGET REQUIREMENTS OF SYSTEM

205. The annual budget of the railway should be under the control of the trustees. Amounts required for income deficits, including interest on railway obligations, for capital and for refunding, should first be submitted to the Treasury Board for its approval and presentation to Parliament by the Minister of Finance.

206. Since the debt of the System in the hands of the public is now very large and more than the railway can carry from its earnings even under improved conditions, sums which are required to meet deficits should be voted by Parliament annually and not raised by the issue of railway securities as has been done in recent years. This recommendation does not apply to capital for improvements and betterments nor to amounts required for refunding.

## IV. ANNUAL REPORT TO PARLIAMENT

207. A report to Parliament by the trustees should be made annually, and should set forth in a summary way the results of operations and the amounts expended on capital account, brought into comparison with the appropriations made by Parliament, so that the exact position shall be placed before Parliament. There should also be provision against utilizing appropriations for capital account to cover deficits in operation, or for interest, without the express authority of Parliament.

## V. AUDIT

208. A continuous audit of the accounts of the System should be made by independent auditors appointed by Parliament from a list or panel drawn up by the trustees and they should make a report to Parliament, calling attention to any matters which in their opinion call for remark. In view of the report of the auditors no examination of the detailed accounts of the System should be necessary by a parliamentary committee. For the purpose of supplying necessary information to Parliament the attendance of the trustees might be necessary. In the interests of discipline and to prevent prejudice to the relations that should prevail between trustees and the staff, we earnestly recommend that the officials of the company in charge of operations should not be asked to appear for examination

120553



## VI. CHIEF OPERATING OFFICER

209. While the responsibility for the direction and control of the System should be laid upon the chairman and his associate trustees, provision should be made for the post of Chief Operating Officer, with the titular rank of President. Under his care should be placed the entire working of the railway in detail. The exact extent of his authority should be covered by regulations or by-laws to be made by the trustees.

The President should be appointed by the trustees and should be responsible to them and not directly to the Government or Parliament.

## VII. CO-OPERATION BETWEEN THE RAILWAYS

210. We have emphasized the fact that a principal weakness of the past decade has been the failure of the railways to act together in their own interests and in the interests of the public. It is not enough that each should take all practicable measures of economy in respect of its own system. There must be joint action with a view to savings in the wider sphere.

211. A statutory duty should be imposed upon the trustees as well as upon the Board of Directors of the Canadian Pacific Railway that, consistently with the provisions of the existing law and with the recommendations of this report and with the provision of all reasonable services and facilities, they should adopt as soon as practicable such co-operative measures, plans and arrangements as shall, consistent with the proper handling of traffic, be best adapted to the removal of unnecessary or wasteful services or practices, to the avoidance of unwarranted duplication in services of facilities, and to the joint use and operation of all such properties as may conveniently and without undue detriment to either party, be so used.

## VIII. CONFERENCE BETWEEN BOARDS

212. In order effectively to carry out the injunction to co-operate, the Board of Trustees of the Canadian National Railways and an equal number of directors of the Canadian Pacific Railway shall meet at regular intervals for the purpose of discussing and agreeing in respect of matters referred to in the previous paragraphs. In the event of a failure to agree, there may be an immediate reference to the Arbitral Tribunal provided for in the next succeeding paragraph.

## IX. CONSTITUTION OF THE ARBITRAL TRIBUNAL

213. For the purpose of settling disputes and in particular, disputes concerning the desirability of any co-operative measures or arrangements or course of action and for the settling of details of any scheme giving effect thereto and for determining the conditions thereof, an Arbitral Tribunal should be set up for each occasion. The Arbitral Tribunal should be composed, first, of the Chief Commissioner of the Board of Railway Commissioners and second, of one representative from each of the two railways.

At the request of either railway and upon it being shown to the President of the Exchequer Court of Canada that the matter is of major importance, two additional members may be appointed by him to the Arbitral Tribunal for the occasion.

214. Where the execution of an order involves the doing of any act which by an existing statute requires the assent or approval of the Board of Railway Commissioners or where in the opinion of the Chief Commissioner himself the



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L20554



public interests involved are of sufficient importance to warrant it, no order made by the Arbitral Tribunal shall be operative without the concurrence of the Chief Commissioner and his formal written assent.

The powers of the Arbitral Tribunal shall be capable of being invoked by either railway or by the Dominion or any provincial Government. Subject to the recommendations of this report, all matters of procedure before the Arbitral Tribunal should be governed by regulations made by the Chief Commissioner of the Board of Railway Commissioners with the approval of the Governor in Council.

In the event of conflict between the Board of Railway Commissioners and the Arbitral Tribunal, it should be made clear that the order or decision of the Arbitral Tribunal shall prevail.

## X. JURISDICTION OF ARBITRAL TRIBUNAL

**215.** The Arbitral Tribunal ought not to have jurisdiction to order the construction of extensions and additions to existing lines and facilities, except in such minor matters as connections to give access to existing tracks and terminals which by order of the Arbitral Tribunal or otherwise are used, or are to be used, in common. Subject to the provisions of any statute relating to any particular railway, the Arbitral Tribunal will have full jurisdiction as to measures, plans and arrangements for the joint use of tracks and facilities.

**216.** It is not intended to define with precision the subject matters to which the jurisdiction of the Arbitral Tribunal shall extend, but without limiting the generality of the words used above, the Arbitral Tribunal shall have jurisdiction in relation to the following matters:—

(*a*) Joint use of terminals.
(*b*) Running rights and joint use of tracks where there are actual or functional duplications, or where such may be avoided.
(*c*) Control and prohibition in respect of the construction of new lines and provision of facilities and additional services where no essential need of the public is involved.
(*d*) The joint use of facilities where this would promote economy or permit the elimination of duplicating or unremunerative services or facilities.
(*e*) Abandonment of lines, services or facilities.
(*f*) Pooling of any part or parts of freight traffic or of passenger traffic.
(*g*) Things necessarily incidental to the above enumerated matters.

**217.** The conditions and terms of any order should be entirely within the discretion of the Arbitral Tribunal.

**218.** There shall be no appeal to any court in Canada from any decision of the Arbitral Tribunal on any question of law or fact; except as to a question of law if it is one involving a question of jurisdiction, in which case there should be an appeal to the Supreme Court of Canada, by leave of a judge of that court.

**219.** Subject to the provisions of paragraph 218 hereof, section 44 of the Railway Act shall apply; the first paragraph of section 52 of the same Act shall not apply.

L20555

220. [illegible]

221. It is admitted that [illegible] a great deal of unnecessary capital expenditure [illegible] what is actually required.

222. It is the opinion of the Commission that [illegible] case, and that the suggested Board of Trustees of the Canadian National Railways and the Board of Directors of the Canadian Pacific Railway should formulate and agree to schemes which will permit of the working in harmony of those ancillary services which are now operated competitively. If this problem is attacked by the two managements with goodwill and the desire to co-operate considerable economies should result from their efforts and without in any way prejudicing the service rendered to the public.

## XII. CONCLUSIONS

**223.** Although our terms of reference are strictly concerned with the problems arising out of the transportation situation in Canada, we cannot but be conscious of the national difficulties, in which the financial position of the publicly-owned railways is a factor of first importance. Indeed, we apprehend that the urgent need of discovering means of reducing the large railway deficits was a primary factor in causing the Government to place upon us our onerous task.

**224.** In the foregoing report we have outlined a plan which we believe will ensure progressive and co-ordinated development on an economic basis of the railway systems and afford early relief to the Federal treasury by reducing the alarming and increasing deficits and the demands for further capital expenditure in connection with the Canadian National Railway System.

**225.** Whilst all members of this commission concur in these recommendations which, if carried out in letter and spirit by all concerned (the Government, the Public and the Railways), should effect a considerable measure of relief to the taxpayers of Canada, some members would have preferred a plan which would ~~have established~~ a complete dissociation of the Government of Canada from the ~~responsibilities~~ of competitive railway management or of any direct interest ~~therein~~.

**226.** We feel compelled, as a matter of public duty, to strike a serious note of warning to the people of Canada. Unless the country is prepared to adopt the plan we have proposed, or some other equally effective measures, to secure the efficient and economical working of both railway systems and thereby not only reduce the burden on the federal treasury but improve the financial position of the privately-owned railway, then the only courses that would be left would be either to effect savings in national expenditure in other directions, or to add still further to the burdens under which the industries of the country are suffering by the imposition of yet further taxation. Failing the adoption of one or other of these courses, and there are obvious limits to their application, the very stability of the nation's finances and the financial credit of the Canadian Pacific Railway will be threatened, with serious consequences to the people of Canada and to those who have invested their savings in that railway.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

J 20556

Secretaries, Mr. [illegible] Mr. [illegible] Mr. [illegible] Mr. W. Yates, Assistant Deputy Minister, Department of Railways and Canals; Mr. H. Heine, Executive Assistant to Mr. A. V. Frankland, Railway Adviser, Department of Railways and Canals. The energy, knowledge and tact directed by Mr. Moxon and Mr. Yates in the preparation of the report could not have been surpassed, and the assistance of all in their respective spheres was as effectual as possible.

All of which we humbly submit for Your Excellency's gracious consideration.

LYMAN P. DUFF,
*Chairman.*
ASHFIELD.
J. W. FLAVELLE,
BEAUDRY LEMAN,
LEONOR F. LOREE,
WALTER C. MURRAY,
JOHN CLARENCE WEBSTER.

ARTHUR MOXON,
GEO. W. YATES,
*Secretaries.*

September 13, 1932.

J 20557

## LIST OF APPENDICES


| | | PAGE |
|---|---|---|
| I. | The Development of Transportation in Canada | 70 |
| II. | Motor Vehicles operating on the Highways | 93 |
| III. | List of Railway Officials, Government Representatives, Public Bodies, and individuals appearing before the Commission in the course of its Inquiry | 109 |
| IV. | List of persons and bodies from whom written submissions were received | 113 |




MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

# PUBLIC ARCHIVES
# ARCHIVES PUBLIQUES
## CANADA

# END OF REEL

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 189)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA