

TRANSPORTATION COSTS TOO MUCH SAYS BEATTY

Does Not Advocate Taking Over Earning Power
Of C. N. R., But To Operate 2 Railways Jointly

(Special to The Daily Mail)

WINDSOR, Ont., Dec. 9.—Stating a comprehensive thesis of the Canadian Transportation scene outlining the "mistaken enthusiasm" which has already cost the taxpayers more than three billion dollars, pointing to the \$7,000,000,000 in taxes collected annually from eleven million people and urging that unification of the railways together with intelligent co-ordination and control of other forms of transportation was inevitable, Sir Edward Beatty, G.B.E., K.C., LL.D., chairman and president of the Canadian Pacific Railway, in an address before the Chamber of Commerce here yesterday, emphasized that "transportation costs too much in Canada; it can be made cheaper. It is so vital a part of our national activities that nothing can stop us in our constant search to cheapen it. It is possible for it to be made cheaper than it is at present. It is inevitable that this should be done, because the conditions of public finance are daily forcing this more strongly on us. All that is necessary is a Government with courage to face the issue and all that is necessary

to give any Government courage to face it is for the business men of this country to agree with me to make their voices heard in unmistakable language. I believe enough in the leadership which business men give Canada to believe that I am not hoping in vain for action.

"There could be no greater mistake than to confuse the fact that we have solved the transportation problem with the theory that we have at all times been wise in its solution. It is not enough to say that we have provided the country with transportation, what remains is to decide whether we have given it transportation which is not only adequate but which is as economical as is possible."

Sir Edward pointed out that Canadian Pacific services had always been provided without contributions from the public purse and that enormous sums in taxes contributed by the company must ultimately have been used in no small proportion to support other forms of transportation.

These other forms of transportation provided different picture. Book-



SIR EDWARD BEATTY

Discusses Railway and Economic Situation in Canada.

keeping had reduced the figure of the annual Canadian National deficit given to the public, despite the fact that the true actual cost was still very large. The total tax money used annually to subsidize highway transportation had been stated at \$100,000,000.

Inland shipping paid nothing for the use of the canals and it was increasingly apparent "that we are now entering, in air services, on the same program of transportation at less than true cost, and thus at a

charge on the public revenue." The Canadian Pacific, while not having found it necessary to seek Government subsidies for some years, has been unable to pay dividends and this was not a sound situation for any business enterprise. "In short," said Sir Edward, "I have no hesitation whatever in saying specifically and definitely that our apparent success in providing this country with the transportation services required to provide national unity has been largely illusory."

It had been argued against this contention that provided the Canadian people got the services they wanted, they were willing to forget the cost. "That defense of things as they are is based on a whole series of fallacies—in the words of one who has used it freely—it is a mass of half truths and distorted statements."

Public Debt

The fact remained that the combined public debt of Canada—Dominion, provinces and municipalities—was now eight billion dollars and the annual tax collection is \$700,000,000. These figures were incredible and when realized by the citizens at large would result in an immediate and irresistible demand for tangible and immediate action, "not only to prevent any further increase in the public debt and in the cost of public services but to bring about their decrease to reasonable figures." He did not believe that Canadians really wished to fool themselves, "and to benefit, when they pay for transportation at the cost of losing as taxpayers."

Sir Edward pointed to the force and scope of taxation in Canada and declared his belief that the people of Canada "do not wish transportation to be subsidized at the cost of taxation, except in minor and special cases where the general public interest demands it."

Elimination of waste was the only method by which money could be saved. Sir Edward no longer advocated unification of the two railway systems. Unification was inevitable. "Let me impress upon you that it is the correction of a problem," he said. "Let me be frank in saying that it will be impossible to correct this problem without depriving some people of some conveniences, and even some people of employment. We do not correct problems when they have been produced by a generation of 'mistaken enthusiasm' except by applying measures which must necessarily be difficult."

Operate Jointly

Sir Edward emphasized that he had never advocated taking over the earning power of the Canadian National and leaving the Government with its debts. His suggestion had always been that the owners of each railway system should continue to enjoy the ownership of their properties.

His proposal had been to operate the two railways jointly and for the joint account of their owners. All that the C.P. would gain would be the privilege of participating with the Government in a program of reducing expenditures. No community would be deprived of adequate transportation facilities. Much the larger part of the total unification economies would result from pooled operation of trains, the organization of one staff and consolidation of terminals, shops and roundhouses and offices and the reorganization of services. Unification would not consign to unemployment large numbers of men now engaged in railway services. Re-adjustments in making unified management effective would require in a normal year approximately 17 per cent fewer people to perform the necessary services. This adjustment would be but one-third the reductions made as the result of traffic losses during the depression. Normal labor turnover, resignations, deaths and retirements on pensions would in four or five years take any redundant employment, and, necessarily there would have to be advance protection in the way of compensation allowances for officers and employees whose positions might be made unnecessary. In the cases of employees whose wages and working hours are governed by agreement the terms of any arrangement would be arrived at in conference between the railways and the recognized representatives of the employees concerned. In the end, the result would be a greater security. "In connection with labor, as with everything else, the object of unification will be to assist the economic recovery of the nation not to deter it," Sir Edward emphasized.

Unification opponents raised the bogey of monopoly. A strengthened Board of Railway Commissioners would prevent any such development and Sir Edward invited his hearers to remember that the Canadian Pacific, whatever its errors, had never failed to accept the theory of its existence that it is a public utility of vital importance and not a field for careless exploitation. I cannot see how any man can find reason to fear that this principle would be forgotten after unification," he declared. Forecasting further measures of intelligent co-ordination in the Canadian transportation scene, Sir Edward stated his belief that provincial governments will increasingly

find themselves urged by necessity to deal intelligently with their investment in highways. And to prevent the continuance of subsidies to highway transport operations at the public expense. "Our highways," said Sir Edward, "were built for the convenience of the public at large and were never intended to become private rights-of-way for freight trains."

Common sense would also lead Canadians to realize that the costly waterways could easily be made to earn their keep without the resulting tolls on water transportation becoming unreasonably heavy. Sir Edward quite understood that reasonable compromises were necessary in public affairs and stated his belief that western grain might reasonably be exempted from tolls. Western farmers had accomplished marvels and were deserving of special consideration at all times.

Sir Edward paid a special tribute to the Minister of Transport in his effort last session to obtain legislation providing for public utility control for highway and waterway transport, opposition which resulted in postponement of the bill seemed to be based on misunderstanding of the origin and effect of his proposals. They were the Minister's contribution as a serious student of transportation to the intelligent solution of the country's transportation questions—not an attempt to damage water or highway transportation for the advantage of the railways. They did not include any suggestion of unreasonable interference with the operations of waterways or highway transport and certainly included no vestige of an attempt to interfere with provincial rights. "It is my hope and belief," he emphasized, "that this intelligent attempt to deal with outstanding problems will succeed." Railwaymen were not asking for anything remotely resembling monopolistic rights. They were asking equality of treatment between all forms of transportation and for nothing more.

The cry of "alarmist" had been raised against those who ventured to point to factors dangerous to the country. Sir Edward was certainly no alarmist, indeed, his record was one of optimism, but he could not convince himself "that those who mean that the Canadian National Railways is on the verge of paying its way are any more right today than they have been at any time since this system was organized."

Experience disproves the theory that the troubles of the past were due to private ownership. The total liabilities of the state through ownership of the National Railways was in excess of the total liabilities of the bankrupt railways when they were taken over. "Are you prepared to face without protest the addition of a billion or two to your public debt in the next fifteen or twenty years?" Sir Edward asked, even if the National ownership experiment had proved a success, it would still

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be a fact that carelessly planned, unorganized duplication transportation systems cannot possibly give the country the cheapest and best service. It would still be a fact that \$75,000,000 a year could be saved by unifying our two major railway systems. It would still be a fact that this unified system could give its users better service than can two competing systems, and that investors in private and public securities, labor, and every other interest affected by the fortunes of our railway systems would benefit from the removal of useless and destructive competition."

Sir Edward reiterated that: "We permitted errors to be made on all our transportation activities," adding that: "We no longer have a free hand to organize the best and cheapest transportation for Canada. All that we can do is to build the best and cheapest out of what we have." The younger generation was inclined to impatience at what it seemed likely to have to undertake when it came to maturity. The present generation was passing on debts of eight billion dollars. These had to be paid. Inflation was a possibility to be feared repudiation meant the end of modern civilization in Canada. Common decency required that these things be remembered; that public obligations are of continuing effect; that to pass on to later generations debts incurred in wasteful enterprise is necessarily a wrong thing.

Sir Edward replied to those who argue that political realism will prevent intelligent action to solve national problems. "I agree," he said, "quite readily with those who tell that it is difficult to find a Government with courage to face the people on such issues, but I contend that what is inevitable is necessarily possible. The time will come when the

(Continued on Page Three)



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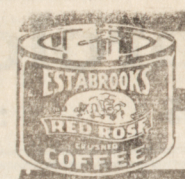
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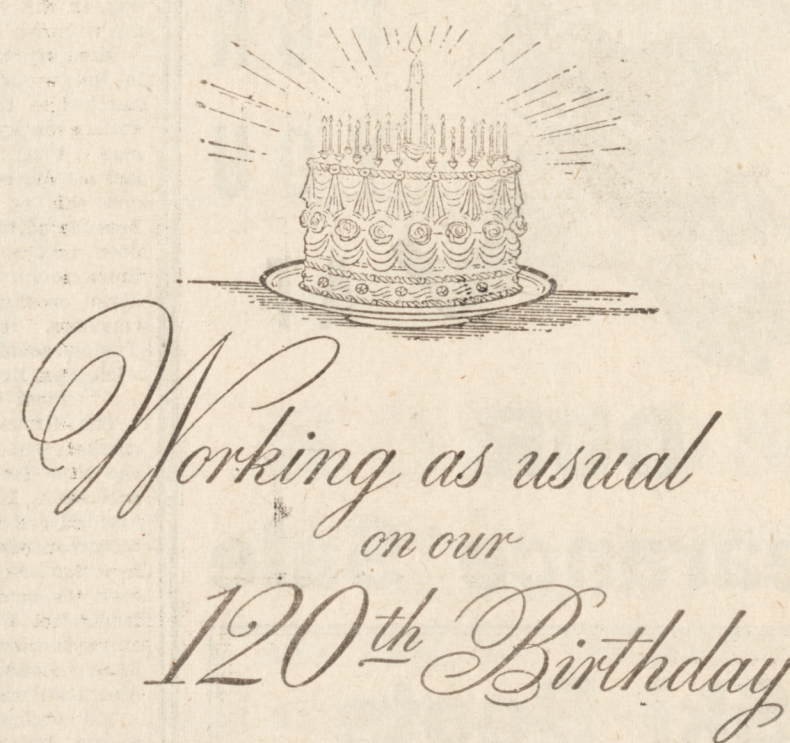
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