

of note that these authorities in both countries are showing the same disposition not to permit the abandonment of mileage.

I have here a statement as to the devaluation of the current assets of steam railways, which may be very interesting to honourable senators. It is taken from a report issued last summer by the Interstate Commerce Commission of the United States. It says that the net current assets of Class 1 railways in the United States at the end of 1930 were approximately one hundred and twenty million dollars, whereas at the end of 1938 the current liabilities of the same railways exceeded their current assets by over one billion dollars, which would mean the wiping out of one billion, one hundred and twenty million dollars of assets in eight years. If these figures are correct, such a debacle in the principal transportation system in one country surpasses comprehension.

We can better understand the situation of one railway which goes to make up these tremendous figures, a great railway which you all know, the New York Central. A few years ago it paid big dividends. Now it is losing twenty million dollars per annum.

While I am dealing with foreign railways I might give to the House some pertinent detail as regards the situation in Argentina. Argentina has recently added to its government ownership the Argentine Transandine Railway, approximately 160 kilometers in length. The outstanding debt of this railway was £1,175,000. The purchase price was £75,000 in cash plus £675,000 of 4 per cent state railway bonds. It will be noted that this settlement was, roughly, 64 per cent of the railway's outstanding indebtedness. The acquisition of the Cordoba Central Railway of Argentina, 960 kilometers, is said to be still in the negotiation stage. The purchase price proposed is slightly under £10,000,000, whereas the par value of outstanding debt is £20,550,000. Here again it will be noted that the proposal is to pay 48 per cent of the outstanding debt. Apparently Argentina is faced with the same railway problem as every other country, and has decided to take over the railways gradually and to operate them under government ownership. At the present time about 25 per cent of the Argentine mileage is owned and operated by the Government. Recent press dispatches reported Argentina placing in Germany a large order for Diesel engines for the Argentine railways; so, apparently, the Government are taking steps to renovate the railways and bring them up to date.

I might quote the results in our sister dominion, New Zealand. With about a tenth of our population, New Zealand has three

Hon. Mr. McRAE.

thousand miles of railway. Last year the deficit, after interest was paid, was about £1,700,000, or over \$3,000,000.

It appears that even Germany is having railway troubles. A Berlin dispatch of March 16 last says:

The German state-owned railways announced to-day a huge four-year construction plan on which it is proposed to spend 3,500,000,000 marks (\$1,400,000,000).

The German Federal Railways have felt a severe strain on rolling stock owing to large-scale displacements of men and materials for various state purposes. The program provides for construction of 6,000 locomotives, 10,000 passenger cars, 112,000 freight cars and 17,300 power-driven cars.

I have occupied quite a little of your time in the hope of showing you that the steam-railway situation is pretty much the same all over the world; and, as I said in my earlier remarks, I think our railways have done very well under the circumstances.

The main difficulty in the steam-railway situation on this continent is that the business is a waning or diminishing one, losing out in the march of progress. Competitive transportation services by truck, bus, motor-car and latterly the aeroplane, have in the aggregate made fatal inroads into the revenue of our Canadian railways. The Panama Canal and improved lake transportation have also played their part in our decreased railway earnings. I am not one of those who believe that undue hindrance should be placed on these new transportation services, which make for efficiency and convenience in handling the business of the country, in order that some of this business may be returned to the railways. I do not think the Canadian people will ever approve such an effort, nor do I think they should, unless they are prepared to have Canada lag far behind the times in transportation. These competitive services are as certain to increase as the sun is to rise. Every mile of good road adds to their opportunities, as does every improvement in buses and trucks. The future holds no hope for permanent improvement in the steam-railway situation under present conditions. That is the way I see it.

Professor McDougall submitted to our special committee a graph showing that over a period of sixteen years, 1921 to 1937, the freight revenue of our railways had consistently declined, being now only three-quarters of what it was sixteen years ago. The passenger service has declined much more: to-day it is only 39 per cent of what it was in 1921. The graph showed a consistent decline, with no upturn at the end of last year. In the meantime costs of operation, including labour, have gone up, and the end is not yet.