

the North American continent have been equally disappointed—with the trend of business since the first of the year. We thought that last year would represent the minimum of gross revenue but unfortunately month by month we have shown decreases in gross revenues as compared with the same period last year.

Now, the thing that I wanted particularly to refer to which may conceivably give us a better second half for the year than we have during the first half—and I will not put it on a higher plane than to say it conceivably may—is the recent statement by the President of the United States in regard to a moratorium for a year in international obligations. The moment that statement came out there was a favourable effect on stock markets in practically every market throughout the world. The gesture, if one may call it such, was received with enthusiasm and with considerable relief in all countries. Important economists have been telling us almost month by month that we have reached the bottom, although each succeeding month led us to believe that perhaps we had not reached the bottom, purely an estimate. Anyway, for what it is worth Mr. Babson, who is an authority upon such subjects, said recently he was satisfied and would pledge his reputation that we had reached the bottom. Now, there comes this quite momentous statement of Mr. Hoover's with respect to the attitude of the United States in regard to financial obligations, and it has been generally accepted in all countries except possibly one or two. It may be that is just the thing that is needed to start the business of the world back on the road towards a normal condition. Personally I think it is a fair bet that it may be. Of course, that proposal has not yet been definitely approved by the Congress of the United States. It has not been definitely accepted by all countries; but, at the same time, the mere suggestion of such a proposal has certainly had an immediate and favourable effect upon business throughout the world, and it is quite within the limits of possibility that we may find a better last six months or second^d six months of this year than we had during the first six months. But if things continue as they have been going on for the last six months, there is no use kidding ourselves that this estimate which was prepared in April and represented the best of our judgment, and perhaps the best judgment anybody could bring to bear, that that estimate is going to be sufficient. It is not. If things continue we are likely to require an additional \$10,000,000.

Mr. HACKETT: If your total required were brought down to date by what amount would it exceed the \$104,208,000 which is mentioned at the bottom of the first page?

Sir HENRY THORNTON: Well that is not a question which is easily answered, Mr. Hackett. We are making every effort to-day—and I say to-day because recently we have all been hoping that things were going to be better; there was some evidence that things might be better. But we are to-day making every curtailment of capital expenditures which can possibly be made notwithstanding this estimate. In other words, if this estimate were approved to-day we who are charged with the responsibility of capital expenditures of the Canadian National Railways would not spend that money if we could possibly avoid doing so.

Now, there are certain statutory expenses to which we are committed such as these branch lines and so on which are enumerated at the bottom of the sheet. And there are certain obligations that we have entered into with the government with respect to the relief of unemployment. The government last autumn undertook to so save the railway companies, if you like to call it such, for their interest, the interest to be charged on capital expenditures which might conveniently be started immediately for the purpose of the relief of unemployment. That represents a definite understanding with the government and the government is, you may say, holding the bag as far as the interest charges are concerned for a certain period.