It has always been practically understood by the people of Canada that if we wish to have a transcontinental system that could be operated economically and on a basis similar or equal to that of its great competitor, the Canadian Pacific Railway system, it was necessary that the Canadian Northern Railway system, being practically a western railway system, should be joined up with the Grand Trunk system, which was an Eastern Canada railway system, and the two together would make a complete and economical system. The Canadian Northern Railway system having all its main lines and branch lines in the four western provinces, and the Grand Trunk system having all its lines and branch lines in Ontario and Quebec, the two together could be operated economically and would assist each other by interchange of traffic. Having taken over the Canadian Northern Railway system the Government was in this position: They had a splendid western railway system with a line from Port Arthur to Montreal and Quebec without any branch lines, feeders or terminals from the great provinces of Ontario and Quebec, and they were unable to gather freight in Eastern Canada to pay its operating charges.

Now let me say what the Government must provide for its present railway system if we do not take over the Grand Trunk railway. The Government, and that means the people of Canada, must spend within the next three, four or five years an amount of at least one hundred million dollars, and any amount between that and two hundred million dollars for providing terminal facilities, branch lines and connections with other roads in the eastern provinces, and when that was done they would still have as competitors not only the Canadian Pacific railway, but also the Grand Trunk railway. Now, if the country must supply at least one hundred million dollars to provide terminals and branch lines and connections for its present system that would not be necessary if we took the Grand Trunk railway over, may I ask is it not in the interest of all concerned that we save spending that hundred million dollars, and save the interest on the same, which would probably be five and one-half million dollars, and save also the extra expense in operation and duplication of lines and terminals?

I notice that some of the newspapers take the position that an additional liability of about twelve million dollars will be added to our railway losses if we take over the Grand Trunk Railway system. They are wrong in coming to that conclusion, and I hope they will correct the error and place the matter properly before the public. It is true the Grand Trunk Railway system have the following interest bearing first-charge stocks:

5% G. T. Debenture	Stock	£ 4,270,375
5% Great Western	"	2,723,080
4% G. T.	"	24,624,455
4% Northern	"	408,215
Total		£32,026,125

The total interest on this would amount to about seven million dollars per annum.

Honourable members will note that the issues I have mentioned are the original debentures in connection with the building of the Grand Trunk and the taking over of the Great West railways. The Grand Trunk always earned this interest of $7,000,000. In addition to that there is the guaranteed stock, £12,500,000. The interest on this is equal to about two and one-half million dollars. The interest on this has also always been earned and paid, no default ever occurring in these several issues just mentioned.

Therefore the seven millions of dollars that I have mentioned and the two and one-half millions of dollars interest on debenture and guaranteed stock, the Grand Trunk Railway system during the whole time of operation were not only able to pay, but in addition to that they always had an amount over and above this for distribution among shareholders of other later issues of stocks; and they were able to pay, if not all, a portion of the dividends on the additional securities outstanding other than those mentioned, which are as follows:

1st Preference Stock 5%	£3,420,000
2nd Preference Stock 5%	2,530,000
3rd Preference Stock 4%	7,168,055

On these three stocks the profits distributed between them and over and above the fixed charges on the debenture stock and guaranteed stock averaged during the last ten years, prior to the war, an amount equal to about one million dollars per annum. So that I say in taking over the Grand Trunk Railway Company, the Government may become responsible for, in round numbers, some twelve millions of dollars, interest charges, annually. It will not, in my opinion, incur a liability because the Grand Trunk system has always earned those amounts in the past and will be in a better position to do so in the future when joined up with the Canadian Government National system, and in this I am backed up by railway experts. There is in addition the common stock, £23,955,436, on which no