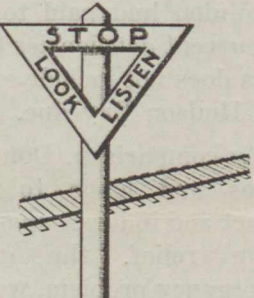


## GOVERNMENTS AND PUBLIC UTILITIES

### I. RAILWAYS. Chap. 3—Position of Taxpayers

<p><b>RAILWAY AID IN DOMINION ACCOUNTS</b></p> 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;"><b>DOMINION BALANCE SHEET</b></td> </tr> <tr> <td colspan="2" style="text-align: center;">1931-32</td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>LIABILITIES</b></td> </tr> <tr> <td>FUNDED DEBT</td> <td style="text-align: right;">\$ 2,564,251.017</td> </tr> <tr> <td>OTHER DEBT</td> <td style="text-align: right;"><u>267,492.545</u></td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">\$ 2,831,743.562</td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>ASSETS</b></td> </tr> <tr> <td>CASH AID TO RAILWAYS</td> <td style="text-align: right;">\$ 1,186,069.963</td> </tr> <tr> <td>OTHER INVESTMENTS</td> <td style="text-align: right;">978,547.605</td> </tr> <tr> <td>BALANCE CONSOL. <math>\frac{1}{2}</math> (DEFICIT)</td> <td style="text-align: right;"><u>667,125.994</u></td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">\$ 2,831,743.562</td> </tr> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;"><b>REVENUE &amp; EXPENDITURE ACCOUNT 1932-33</b></td> </tr> <tr> <td colspan="2" style="text-align: center;">9 MONTHS APR-DEC 1932</td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>EXPENDITURE</b></td> </tr> <tr> <td>CASH AID TO RAILWAYS</td> <td style="text-align: right;">\$ 50,357.750</td> </tr> <tr> <td>RELIEF (INCLUDING LOANS)</td> <td style="text-align: right;">44,605.509</td> </tr> <tr> <td>INTEREST</td> <td style="text-align: right;">113,765.410</td> </tr> <tr> <td>ALL OTHERS (LESS BOND REDEMPTIONS)</td> <td style="text-align: right;"><u>186,248.107</u></td> </tr> <tr> <td>TOTAL 9 MONTHS</td> <td style="text-align: right;">\$ 394,976.776</td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>REVENUE</b></td> </tr> <tr> <td>ORDINARY &amp; SPECIAL REVENUE</td> <td style="text-align: right;">\$ 250,933.921</td> </tr> <tr> <td>LOANS (LESS REFUNDINGS)</td> <td style="text-align: right;"><u>130,861.551</u></td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">\$ 381,795.472</td> </tr> </table>	<b>DOMINION BALANCE SHEET</b>		1931-32		<b>LIABILITIES</b>		FUNDED DEBT	\$ 2,564,251.017	OTHER DEBT	<u>267,492.545</u>	TOTAL	\$ 2,831,743.562	<b>ASSETS</b>		CASH AID TO RAILWAYS	\$ 1,186,069.963	OTHER INVESTMENTS	978,547.605	BALANCE CONSOL. $\frac{1}{2}$ (DEFICIT)	<u>667,125.994</u>	TOTAL	\$ 2,831,743.562	<b>REVENUE &amp; EXPENDITURE ACCOUNT 1932-33</b>		9 MONTHS APR-DEC 1932		<b>EXPENDITURE</b>		CASH AID TO RAILWAYS	\$ 50,357.750	RELIEF (INCLUDING LOANS)	44,605.509	INTEREST	113,765.410	ALL OTHERS (LESS BOND REDEMPTIONS)	<u>186,248.107</u>	TOTAL 9 MONTHS	\$ 394,976.776	<b>REVENUE</b>		ORDINARY & SPECIAL REVENUE	\$ 250,933.921	LOANS (LESS REFUNDINGS)	<u>130,861.551</u>	TOTAL	\$ 381,795.472
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Of the \$2,652,539,388 of Dominion aid to railways to December 31, 1931, lines now in the Canadian National System had received \$1,201,461,199 in cash and \$1,286,457,207 in guarantees, and the Hudson Bay line had cost \$48,746,683. A total for lines now government owned of \$2,536,665,089, or 95.6 per cent.

Government aid to Canadian National lines had averaged over \$113,000 per mile. With other obligations assumed, the total capital liabilities of the Canadian National, including interest accrued and unpaid since 1923, stood at \$2,669,926,371, or \$121,639 per mile, a little over twice the mileage liability of the Canadian Pacific for bonds and stocks outstanding.

Of this total liability, \$1,276,457,207 was long term debt owing to the public and the balance, \$1,393,469,164, was owing to the government.

What is the position of taxpayers with respect to these two classes of liability?

1. Taxpayers must provide in cash that sum by which the revenues of

the Canadian National fall short of meeting all operating and overhead charges plus all capital charges on securities held by the public.

2. Taxpayers must in addition carry the burden existing because of all past cash contributions, less any payments the Canadian National, after fully meeting all charges under No. 1, can make on its indebtedness to the government.

Is there any actual burden on taxpayers under No. 2 and what is its nature?

Money of the people of Canada, raised mostly by taxes or borrowed at the charge of taxpayers, was unquestionably disbursed, and money invested in a capital undertaking like railways should be productive and should return its cost as well as provide the general benefits of railway service. But, granting the reasonableness of the claim, is there any loss to taxpayers if the claim is not met?

The Dominion on March 31, 1932, had a gross debt of \$2,831,743,562.69, of which \$2,564,251,017.06 was fund-