

into bankruptcy and receivership, we should not to-day be furnishing some of the proponents of amalgamation or unification with the earnest plea put forth to save the Government from paying \$50,000,000 a year, which is simply the amount of fixed charges on certain Canadian National railways acquired in bygone days.

On August 1, 1917, the Government gave notice that it intended to acquire control of the remaining capital stock of the Canadian Northern, other than the \$40,000,000 worth of stock then held. The value of the stock of the Canadian Northern to be acquired was, as a result of the decision of a board of arbitration, set at about \$11,000,000. Thus the Government assumed financial responsibility for the Canadian Northern to the extent of more than \$382,000,000.

Two years later, in 1919, the Grand Trunk Pacific was placed in receivership, the then Minister of Railways acting as receiver. The Government had already loaned the Grand Trunk Pacific more than \$83,000,000. In connection with the agreement for the building of that line the Government during the next three years had to spend an additional \$40,000,000 for replacements and operating deficits, and so the Government's obligations in respect of the Grand Trunk Pacific increased to more than \$129,000,000.

In November, 1919, steps were taken for the acquisition of the Grand Trunk Railway. The capital stock of the company cost the Government nothing, but the Government assumed liabilities of more than \$298,000,000; this in addition to the loans already advanced the company, amounting to \$1,148,000.

At the end of 1922, when all government railways were brought under one management, the Government became liable for the following railway expenditures, not including the monetary advances and other assistance given to the Canadian Pacific:

Canadian Northern Railway Company.....	\$298,799,591
Grand Trunk Railway Company..	84,560,342
Grand Trunk Pacific Railway...	123,586,034
Canadian Government Railways—	
Capital expenditures, less deficits	429,563,445
	<u>\$936,509,412</u>

Furthermore, the Government, in order to uphold the good name and credit of Canada, assumed liabilities to the public amounting to more than \$804,000,000. I am reciting these facts to show where possible errors of judgment in days gone by, on the part of our well-intentioned public men, are responsible for the people of Canada now being confronted with the enormous load of debt which has been saddled on us and our posterity. Presently I shall undertake to show that maybe

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some distinguished public men sitting under this roof at the present moment now propose to do something which in the years to come will be just as unfortunate for the taxpayers.

I shall hurry along, pausing only for a moment to deal with Canadian National revenues. In 1926 the gross revenue of the Canadian National Railways reached \$270,982,223, providing an income surplus of \$41,583,242, or \$2,389,009 more than enough to pay to the public all the interest on the securities which some years previously the Government took over as a burden on the people of Canada. Although revenues increased in 1927, expenses were relatively higher; so the National system fell \$4,200,628 short of the amount required to meet its interest charges. In 1928, however, revenues soared to \$304,591,269, providing, after all interest charges on bonded indebtedness had been met, a surplus of \$2,638,000. That was the high point. From 1928 until the depth of the depression was reached in 1933 railway revenues plunged downward to a low of \$148,519,742. Although thousands of employees were dismissed and wholesale economies were instituted, expenses could not drop as fast as revenues. Consequently in 1929 the deficit was \$13,408,705; in 1930, \$35,585,895; in 1931, \$60,869,795; in 1932, \$61,006,919; and in 1933, \$60,017,713.

Let me analyse this question a little further. It is, I think, safe to suggest that few, if any, railroads in the United States or Canada have made a better showing from a net operating revenue standpoint than the Canadian National Railways, as the following figures will, in part, disclose. The annual net operating revenues from 1923 to 1936 for both the Canadian and the American lines of the Canadian National Railway system show the following net operating revenue results:

1923..	\$21,123,544
1924..	17,974,621
1925..	33,121,450
1926..	47,420,961
1927..	41,573,851
1928..	54,859,572
1929..	41,864,705
1930..	22,080,975
1931..	1,192,167
1932..	5,895,433
1933..	5,707,183
1934..	12,966,423
1935..	14,258,253
1936..	15,132,799

In short, the Canadian National Railway system earned its fixed charges in only two years since its establishment. Since 1927 the Government has lost from \$4,000,000 to \$61,000,000 on account of the inability of the railway system to earn its fixed charges or the accrued interest due the Government, and