

In opposing the granting of an increase in freight and passenger rates to the extent of thirty or forty per cent as has been proposed, I reviewed this afternoon the position of the Canadian Pacific Railway. I stated that the people of Canada had given to that company, in subsidies, exemptions and largess, an amount sufficient to build the entire railway, and I made the point that when these vast subsidies were given the people expected, as they had a right to expect, that this company would be able to furnish transportation to the people of this country at a very low rate. That at all events was the expectation of the late Sir John Macdonald who fathered the great project. I was able to show that the rates this company has charged for the last number of years have enabled it to accumulate an undistributed surplus to an amount of about \$230,000,000 or \$240,000,000. I was able to show that their earnings during the last few weeks, according to their own returns, were vastly in excess of their earnings for the corresponding period last year, the average increase in earnings being something like 20 or 25 per cent. I therefore felt, and I am sure every member of this House will feel, that no justification exists for an increase in railway rates so far as the Canadian Pacific is concerned. I criticised—and I reiterate my criticism now—the remarkable position that Mr. D. B. Hanna, president of the nationally-owned system, is taking at the present time, going about addressing Canadian Clubs and public bodies, advocating an increase in freight rates on the nationally-owned system. I quoted from a newspaper published in Ottawa to-day Mr. Hanna's statement to the effect that the nationally-owned system, if given proper rates, would soon have earnings enough to pay operating expenses and interest on an estimated cost of a billion and a half of dollars, and he added that if they got such a freight rate as was allowed in South Australia the nationally-owned railways might be expected to pay interest on the immense national debt of this Dominion. I pointed out the folly of Mr. Hanna, or indeed any public man taking the position that rates should be such as would more than pay operating expenses and interest on the cost involved in construction. I referred to the absolute absurdity of expecting those citizens of Canada who use these roads for transporting their goods to pay rates higher than sufficient to pay operating expenses and interest. How absolutely absurd it must appear to any member of this House that any railway, and particularly the na-

tionally-owned roads, should have rates imposed upon them sufficient to pay operating expenses, interest on capital, and interest on our national debt! Just fancy the users of these roads being mulcted to an enormous extent in order to pay interest on our national debt! The national debt of Canada was created for the benefit of the entire population, and this entire population must contribute to the interest on that national debt instead of merely a very limited number of shippers of freight over the Government roads. You will remember, Mr. Speaker, that when an increase of twenty-five or thirty per cent was granted in freight rates a couple of years ago, it was generally contended that the Canadian Pacific did not require any increase in rates, that their earnings were quite sufficient to take care of their operating expenses and pay a handsome interest on capital. As a matter of fact you, Sir, know that the Canadian Pacific under its charter is allowed to pay 10 per cent on its capital stock, but it was contended that the lame ducks—the Canadian Northern, the Grand Trunk Pacific, and other lines—were unable to earn sufficient on those rates to make a living, and consequently an increase in rates was granted to all lines including the Canadian Pacific to enable these roads to increase their earnings. You will recall, Sir, that it was provided that if the Canadian Pacific earned more than ten per cent under these new rates the balance was to be returned to the public treasury by way of taxation. Let us assume that the Canadian Pacific is a perfectly honourable and decent corporation; I am not here to say a word against the Canadian Pacific, or to impugn its honour; it is a magnificently managed organization, and has rendered splendid service to the Dominion. Its officers are high-class men. For its new president I have the highest possible esteem. But it can be readily understood how, in connection with a provision of that kind, accountants could juggle figures and charge up to capital account a very large amount, or how expenses for upkeep, replacement and other things might be deducted from the amount the company was able to earn by virtue of the increase in rates. I am afraid—I repeat what I said this afternoon, because there are more members listening to me now, and this is one of the most important questions that will come before the House this session—that although these increases went into effect two years ago or more the Canadian Pacific has not yet paid the amount which it should pay to the Government, as was