

out of taxation. Then there is the other debt owing to the government of \$1,700,000,000 which they say the government has advanced in one way or another to the Canadian National Railways; but that is not true. It is true to some extent—deficits, loans, advances and so on; those are accurate. But some of the other items the minister knows should not be included. For instance, there is the value of stock taken over from the Canadian Northern and from the Grand Trunk. Then the enemies of public ownership take that \$1,700,000,000 and say that since the Canadian government advanced that money there is interest to be paid on it. Then they figure the interest on that amount, add it to the interest on the funded debt and make up a loss or deficit of \$100,000,000 or more.

Mr. MANION: That was the hon. member's statement, and that is exactly what I said.

Mr. EULER: It is not untrue.

Mr. MANION: I will show where it is untrue. They do not compute the interest on \$1,700,000,000 at all.

Mr. EULER: Who does not?

Mr. MANION: They compute the interest on \$600,000,000. My hon. friend is a good mathematician, and he could very easily figure out that if you take five per cent of \$1,700,000,000 you have \$85,000,000 of government interest, alone.

Mr. EULER: So you would.

Mr. MANION: Yes, but they do not take that. What they take is this: The money that was put out by the Canadian government in the past decade for the Canadian National Railways was, first, the money paid for the construction of the Intercolonial railway, and the Transcontinental and other government lines amounting to \$400,000,000. But no interest has ever been charged on that—none whatever. That is the first.

Mr. EULER: But—

Mr. MANION: Let me finish. The hon. member may correct me if I am wrong—but I am not wrong. Then, secondly, there was a little over \$600,000,000 loaned by the Canadian government to the old Grand Trunk, to the Canadian Northern and so on. It is only upon that sum that interest is ever charged. It is not charged upon the \$1,700,000,000.

Mr. EULER: By whom?

Mr. MANION: By the railway books. But let me finish.

Mr. EULER: All right.

[Mr. Euler.]

Mr. MANION: As my hon. friend has said the deficit last year was over \$50,000,000. In that year, 1933, the railways were \$3,500,000 short of paying the interest charges on the debt due the public. Since the interest last year was a little less than \$57,000,000, roughly speaking, and they were \$3,500,000 short on income account the deficit was roughly \$60,000,000 that year. Then they get the figure of \$100,000,000—sometimes \$90,000,000 and sometimes \$100,000,000—by adding the interest charged in the books of the railways on that \$600,000,000. If my hon. friend will look up the report he will see that that is correct. I know I am right, because I have the figures right here. The interest figures on government loans given at the bottom of page 11 of the Canadian National Railways report for 1933 is shown as \$36,000,000. That is accrued annually against the Canadian National railways on the books of the company as owing to the government. That is interest. It is shown plainly in the balance sheet. The balance sheet shows the government railway construction account as \$404,000,000, and no interest has ever been charged upon it at any time. Then the balance sheet statement shows \$661,000,000 as loans from the Dominion of Canada. Part of that was used for deficits, and as the hon. member pointed out quite properly, part of it was used for the capital expenditures of the Canadian National railways.

It is only upon that \$661,000,000 of government loans that interest is charged—not on the total liability figure of \$1,700,000,000 at all. That is what I have been pointing out to the hon. member. I am not finding fault with him, but I wish to say to hon. members of the committee that the hon. member makes a mistake when he stands in this chamber and in discussing this matter states that we have charged the railways with interest on \$1,700,000,000.

Mr. HANBURY: The minister did not understand what the hon. member said.

Mr. MANION: He repeated it a moment ago; however we will leave it to Hansard. I am not trying to find fault with the hon. member. I am merely showing the difficulty which any ordinary citizen must meet who does not understand the situation; the facts are very difficult to understand. Hon. members find difficulty in understanding them, because they are dealing with a most complicated matter. I should like to ask the hon. member or any other member in the chamber how many citizens in Canada could state the national debt, if they were asked. I