Mr. VAUGHAN: Yes.

Mr. JACKMAN: And in doing that you will retire $1,294,000 in securities through acquisition and also retire maturing capital obligations and make sinking fund payments of $9,500,000. You are reducing your debt by close to $11,000,000 there; is that right? The two items are $1,294,000 and $9,552,000.

Mr. COOPER: $9,552,000 is a refunding operation pure and simple. We retire that amount of debt held by the public and we increase the amount due to the government.

Mr. JACKMAN: There is no net retirement necessarily.

Mr. COOPER: No change in the debt.

Mr. JACKMAN: Then you are asking for $6,000,000 additional to put into the system?

Mr. COOPER: New capital, yes.

The CHAIRMAN: Are you through with this page?

Mr. JACKMAN: While these figures have been read to us I really think, Mr. President, that you should tell us exactly what happened. The company is going to require for its capital budget these items under $12,000,000, $1,000,000, $9,000,000, $17,000,000. That is going to be spent; is that right?

Mr. COOPER: Not quite.

Mr. JACKMAN: Not the $17,000,000.

Mr. COOPER: We are going to spend $12,200,000 and $1,200,000. We shall have available $17,000,00 (which we shall charge to operating expenses) making a net decrease in the capital debt for the year of $3,000,000. We are also going to exchange debts to the amount of $9,500,000 making our cash requirements for the year $6,000,000.

Mr. JACKMAN: After absorbing $25,000,000 cash surplus?

Mr. COOPER: No, independently of that. In 1943 on the basis of the budget, and for the minute not speaking of new equipment, there would be a reduction in our capital debt of something like $28,000,000. If I may, I would like to amplify this matter a little because I have always felt there was a certain amount of confusion in the minds of the members of the committee with respect to the increase in the capital debt of the Canadian National Railways. You see in our capital budget year after year substantial sums of money for capital purposes. You see on page 8 that we spent $21,000,000 on capital expenditure account. You see we retired $32,000,000 of maturing obligations, that we retired equipment trust obligations to the extent of $9.490,000, and that we repatriated securities having a par value of $289,-000,000. That sort of thing goes on year after year. I suspect there may be some misunderstanding in the minds of the committee as to the aggregate increase in the capital debt of the Canadian National Railways System so I took out the figures for a ten year period, and I think it will surprise members of the committee to know that the increase in the capital debt of the Canadian National Railways over a ten year period amounts to $24,000,000. That is to say, that our capital debt over that period has increased at a rate of less than $2,500,000 a year, and because of the opportunity to retire debt at lower rates of interest we have been able to reduce our fixed charges. In this ten year period not only have we paid interest on the additional capital of $24,000,000, but having done that we have reduced our fixed charges to the extent of $8,000,000 a year. So taking the picture over a ten-year period and summarizing capital expenditure, debt redemption, amounts available from surplus and reserves and all those things, we find an increase in debt of $24,000,000, which averages, as I said, less than $2,500,000 a year; and over all we have saved or reduced our fixed charges by $8,000,000 a year. We