

giving us the greatest concern. In the first place I would like to see the capital structure reduced to proper proportions; I do not think it should be carried in the condition it is in to-day. This is not the first time I have voiced this opinion. I believe also during these troublous periods, this period of depression, both railways have not been paying proper attention to maintenance and a heavy bill for maintenance charges is being piled up that some day or another will have to be met. That is, maintenance will have to be undertaken much more extensively than is now being done by either railway company. I do not think one can criticize one any more than the other. They are absolutely necessary for the people of this country. But I ask the Minister of Railways and the Prime Minister to place before the Canadian people something that is never emphasized as it should be, namely that we enjoy a lower passenger and freight rate structure in this country than do our neighbours to the south, where the railways are under private ownership. That is something that is largely lost sight of. When there is so much talk about the capital and debt structure of the Canadian National Railways, and the interest charge that the Canadian people are paying, it seems to me that the other side of the matter should be brought to the attention of the Canadian people. I am not in possession of actual figures, but perhaps the contribution which we are making by way of interest charges from public revenues is largely offset by our lower traffic rates. That may or may not be a good thing, but if we ever get into the situation of having no national railway it would not be long before the Canadian people would be asked to make good that so-called loss in interest by way of increased traffic charges. That is one reason why I am very much in favour of preserving the national railways as a national undertaking, controlled by the government of this country. I think it is highly important. I know that is foreign to the present discussion, but I want again to emphasize that point, as I have on former occasions, because I believe it is one that is being ignored by those who oppose the situation as it exists to-day, and it is not constantly placed before the public as it should be as a reason why we have to carry that added burden during this troubled period. I suggest to the minister that he give earnest consideration to the writing down of the debt structure.

I know nothing about Touche and Company or the abilities of the gentlemen whom it is proposed to place in charge. The government will have to take the responsibility

for that; they have taken the responsibility for making other changes in management and will have to bear any criticism that may result from the exchange. But the other matter I think is highly important in view of the propaganda that is being constantly launched against this undertaking from one end of the country to the other.

Mr. BENNETT: The railway rate structure in this country is, as the hon. gentleman says, very low. But I wonder if he has noticed the advertisements appearing in the eastern press lately quoting a Vancouver newspaper editorial in which the demand is made that there be an immediate reduction in freight rates?

Mr. STEWART (Edmonton): Yes, I have.

Mr. BENNETT: On every occasion that I have had the opportunity, and I think the same statement is true about most public men in Canada, we have pointed out that, for instance, grain rates in western Canada for some hauls have been as much as twenty per cent lower than in the United States. And frequently we find Americans pointing to our rates as being lower than theirs. But the other side of it is indicated in the advertisement to which I have just directed attention.

With respect to the capital structure of the Canadian National Railways, I could not be in the chamber during the whole of this discussion, but there is one reason why at present it cannot be touched. Doubtless every hon. member knows that the Grand Trunk people are still proceeding with their litigation against this country in connection with the taking over of that system. Mr. Lovibond's case in Ontario was disposed of by the Canadian courts adversely to his contention, but there is now before the privy council a petition from that gentleman in which he asks that certain things be done. To disturb that capital structure until this litigation is ended is something that I think almost any man would agree should not be done. I do not know how many hon. members have studied the situation, I assume many have; it is a most complex and difficult one. Scarcely any Canadians go to London without someone beginning to talk to him about the Grand Trunk situation, and undoubtedly many receive letters about it. Litigation was commenced in the United States and in the courts of Ontario. The case of Lovibond versus the Grand Trunk—or the Canadian National, I think it was; I forget the exact name of the defendant—was disposed of by our courts, as I have said, adversely to his