

rates should be increased in order to pay operating expenses on that vast capitalization? An enormous portion of that capitalization never should have been expended, and the users of these railroads, those who travel or send freight over them, would be obliged to pay these high freight rates if we granted the increase. Why should a limited number of people be saddled with that cost? Are not the entire people responsible for the situation? I am not here to charge one political party or the other with responsibility; they are all to blame. I remember twenty or twenty-five years ago, when I sat on the Railway Committee day after day as a member, how the exploiters and those who wanted charters to build railroads in various parts of the country, brought their supporters to that committee and presented arguments in order to secure those charters. Only in rare instances did the promoters ever propose to build the railroads themselves. They intended to dispose of the charters, and Parliament, through its Railway Committee and of its own accord, for the last thirty years continued a policy that has brought such a grief to the country in connection with the railway situation. The only cure is that we should take our medicine. Railing against one another in this matter will avail us nothing. We have all been responsible. Let us all take our medicine and realize—and the sooner the better—that an amount should be written off the public ledger in connection with public ownership sufficient to make up for the enormous expenditure in the duplication of railroads. The capitalization of the nationally-owned railways must be cut down to an amount which would just about cover cost, if constructed under proper auspices. Then you are in this position. You need only charge freight rates sufficient to pay operating expenses and interest on a reasonable capitalization. Until the crack of doom I do not believe that in Canada we would be able to pay on our nationally-owned railways sufficient to take care of operating expenses and upkeep and the interest on the vast capitalization that never should have been put into this enterprise. We must start right if we are going to make a success of public ownership. With regard to increasing the freight rates, let me point out that if you increase the rates the Canadian Pacific Railway will get about two-thirds of the amount that will be collected. Does the Canadian Pacific Railway need this amount? Does it need an increase in freight rates? If you look at

their statement you will find that they have from one to two hundred millions in reserve—I think, to be accurate, it is one hundred and fifty million dollars. So that to give them an increase in freight rates would be but a tragedy to the people of the country. But if you grant an increase on the nationally owned railways you must grant it in connection with the Canadian Pacific. Is it not far better, in the interests of the whole people, that we should suffer a loss in the operation of our nationally owned system, as we must suffer a loss for the reasons I have advanced,— I say, is it not far better that we should suffer a loss of forty-seven millions a year than that we should increase the rates and thereby call upon the people to shoulder some \$200,000,000 of a burden, the greater portion of which amount would go into the coffers of the Canadian Pacific Railway? This is an important question and one which hon. members should carefully consider, because an increase in freight rates would simply mean that you would pass on the cost to the people. Surely the people of the country are now just about taxed to the limit; and if you add such a vast amount as I suggest by way of an increase in freight rates it will only increase the burden of the people to an intolerable extent. It seems to me that under all the circumstances the people of Canada have reason to congratulate themselves at the present time on what has occurred. I believe that we are co-ordinating all these railway systems under one public management that will operate to the advantage of the system. I believe—and my belief is founded on observation—that this great system is steadily growing in favour and is improving all the time; and it is my conviction that we should encourage the nationally owned system of railroads. The time is not far distant, if we do so, when we shall have a system of which we can well be proud. I have not heard in this country during the last year or so, since the Canadian Northern was taken over, any charge that has been substantiated by reasonable evidence against the management of these publicly owned railroads. The president, Mr. Hanna, is very well known to me, and has lived in the West many years. He has told me, and has repeated in public, that no attempt has ever been made from any quarter, political or otherwise, to influence his appointments in connection with this great system. That is a highly important statement. It is true or it is **not**