

Mr. HANSON: Then I do not understand this item at all.

Mr. GRANT: I have not the information here.

SIR HENRY THORNTON: Mr. Cooper, I think, will be able to explain it.

Mr. COOPER: The reason it appears in the Unfunded Debt interest account is that in the year 1930 we repaid \$1,000,000 of the indebtedness to the province, that is, the Canadian National Railway paid that much debt off, so that the Eastern Lines are now indebted to the Canadian National for that amount and will be charged interest on it, and so far as the Eastern Lines are concerned it is interest on Unfunded Debt.

Hon. Mr. EULER: Are they segregated in that way? I thought they were all issued on account of the Canadian National as one institution.

Mr. COOPER: First of all, we assumed the indebtedness of the St. John and Quebec railway. That was assumed by the Canadian National Railway Company and it is in the Funded Debt of the Canadian National. The \$1,000,000 repayment was made out of Canadian National bond issues, and the interest on such bonds is interest on the Funded Debt of the Canadian National.

Mr. HANSON: That is quite clear.

Mr. COOPER: But it is not correct to have the Canadian National assume all that expense. It applies to that part of the Canadian National known as the Eastern lines, so the Canadian National charge the Eastern lines with an equivalent amount of interest, and, so far as Eastern lines account are concerned it is interest on Unfunded Debt. It is interest on Funded Debt to the Canadian National, but it is interest on Unfunded Debt as far as Eastern lines is concerned.

Mr. HANSON: It is an interdepartmental account.

Mr. COOPER: No, not an interdepartmental account. It is between the Eastern lines and the Canadian National.

SIR HENRY THORNTON: It will be really inter-corporate accounts.

Mr. COOPER: Inter-corporate is a better word, yes.

Mr. STEWART: I would like to ask one question. This is a very fine statement in regard to the hotels. They have reduced their loss by \$964,000. That is on page 12. Now, the loss for the year was only \$126,000, and the year before it had been over a million dollars. Do you allow for interest on the capitalization and depreciation?

SIR HENRY THORNTON: No.

Mr. STEWART: It is a very creditable statement, that part of it anyway.

Hon. Mr. MANION: That is an operating deficit, is it not, Sir Henry?

SIR HENRY THORNTON: Yes.

Mr. HANSON: Is there any possible chance that that can be balanced, that operating account?

SIR HENRY THORNTON: Can the hotels be made to pay a profit in themselves?

Mr. HANSON: On operation irrespective of capital.

SIR HENRY THORNTON: Well, that depends a good deal upon the general business situation on the north American continent, the amount of tourist traffic, and it also depends upon the progressive increase in the population of Canada. I should say that sometime—and I won't make any prediction when—but I should say that sometime when this country becomes more thickly populated than it is to-day, when there is more travel within the country and when business returns to something like its normal condition undoubtedly the hotels will show an operating profit. I do not suppose that many hotels to-day are probably profitable.