

\$386,000,000. The water, whatever there was in it, was squeezed out of the Canadian Northern, and no cheaper railroad mileage in its physical condition, no better asset from a railway standpoint, was ever produced in this country than the Canadian people secured in the Canadian Northern lines at a cost of \$386,000,000 when they were taken over in 1919.

Then we come to the Grand Trunk. The capital charge and present liabilities of the National railways on account of the Grand Trunk Railway when it was taken over by arbitration was \$216,000,000, making a total for these four sections of the national system of around \$913,000,000. It is frequently stated that the people of Canada were loaded with a lot of deadwood obligations because of the Grand Trunk Railway. But what are the facts? The stockholders of the Grand Trunk, the English people who put their money into it, are the people out of whom that money was squeezed.

Mr. MUNN: May I ask the hon. member a question? Is he speaking in favour of the resolution or against it?

Mr. NICHOLSON: I am speaking in favour of the resolution. I am speaking in favour of having the capitalization of these roads fixed, and fixed on a proper basis, so that the people will know exactly what the roads cost them, and why, and what the roads must earn if they are to compete on a proper basis with other railways. As I have said, the Grand Trunk, the best planned railway system in eastern Canada, second to but few comparable systems in the United States, came into the possession of the Canadian people for the sum of \$216,000,000, in round figures.

Now we come to the fifth section, the Grand Trunk Pacific, built in association with the National Transcontinental under terms by which the Canadian people were responsible in the same degree for the money spent on it as they were for the money spent on the transcontinental in the east. Why? Because under the terms of the contract entered into with the Grand Trunk the Canadian engineers, or the officials of the transcontinental east of Winnipeg, were responsible for checking the expenditures on the Grand Trunk Pacific west of Winnipeg. Likewise the officers of the Grand Trunk Pacific, in reality of the Grand Trunk, were responsible for checking the expenditures on the transcontinental. The figure for the Grand Trunk Pacific was \$124,826,000. If I wanted to take the time I think I could find where I have said in this house that it always seemed to me that

[Mr. Nicholson.]

these two groups of men vied with each other to see which would waste the most money, all chargeable to the Canadian people; for in reality that is what happened—it was a campaign of extravagance equalled only by what has taken place since the lines were taken over by the people themselves.

The gross total of charges against all these lines at the time they were taken over was \$1,106,000,000 odd. To put them on a proper basis and show what should have been charged up to them at that time, there should have been written off from the cost of the transcontinental east of Winnipeg and the Grand Trunk Pacific west of Winnipeg the sum of \$265,000,000. That is the total sum that should be written off, because the management of the Canadian National Railways has been responsible for every dollar that has gone into them from that day to this. That would have made the total at the time they were taken over, \$841,000,000 odd.

At the time the railways were taken over and consolidated into the Canadian National system an accurate estimate was made of what it would require to bring this whole system into such a condition that it could be rated as a class one road as that term is used in reference to railway lines all over North America. Had that been followed out it would have resulted in a basis of approximately \$60,000 a mile for the whole Canadian National railway system, including the roadbed and everything that goes with it, and equipment. It may be interesting to the house to know that we secured the Canadian Northern with everything it possessed on a basis of \$33,000 odd per mile. But to bring it up to standard would require further expending. I have the figures under my hand but will not take the time to put them into the record, showing what would have been required to bring that line up to a class one basis or \$60,000 a mile covering the whole system. The old Grand Trunk, as it is commonly termed, which forms the main connecting link through eastern Canada for the Canadian National system, was a double track line and properly should carry a higher capitalization than the single track lines that constituted the major portion of the system all across Canada. The point is that meanwhile the Canadian people, through the management of the national system, have added something like \$1,500,000,000 to the capitalization of the whole. Some say that should all be written off and the lines left with a capital of \$840,000,000. But if the Canadian people are to have a proper understanding of what the Canadian National railway system means to them