

electric railways. From this table it appears that even in 1936, after a great development of these competing methods of transportation, the American railways still carried 67½ per cent of the total freight moved.

Then he proceeds to discuss the question of the cost of rail transport as compared with road transport, and he says this:

In general, the average cost (to the shipper) of freight hauled on the railroads is slightly less than one cent per ton-mile, whereas the cost of haulage by truck is from five to seven cents per ton-mile.

Then he makes an interesting calculation designed to show what would have to be done if the freight now hauled by railroads were to be moved by motor carriers. He takes a division of the Pennsylvania Railroad extending between Pittsburg and Altoona and calculates that if the freight moved over that division on a representative day in 1938 were moved by trucks, it would require from six to twelve new first-class two-lane highways to handle the traffic, the difference depending upon whether the freight were to be carried in five-ton trucks or in ten-ton trucks. He reaches the general conclusion that the railways are important not only because they now handle by far the largest proportion of the freight, but because there now seems no other way in which this traffic can be handled.

The next point of interest in this article relates to increases of transportation facilities. Mr. Lavis points out that between 1920 and 1932 the amount of capital invested in different kinds of transportation in the United States increased by approximately 100 per cent. In 1920 the investment in railways and so forth was about 20 billion dollars, and by 1932, after construction of great numbers of highways, additional railways, and pipe lines, and expenditures on internal waterways, the investment had gone up by approximately a further 20 billion dollars.

There is one further section in Mr. Lavis's article which is perhaps germane to the consideration of the committee's report. This is the only section of his article which I intend to read textually. Under the heading of "Suggested Remedies" he has this to say about consolidation and co-ordination:

The questions of consolidation, co-ordination, and competition are always foremost in any discussion of the railroad situation. Personally, the writer is opposed to consolidation when carried to the extent of building up such large organizations that they lose the sense of personal management. There are undoubtedly cases where further consolidation may be desirable, but these should be studied as individual cases rather than on the basis of some arbitrary plan for the grouping of all the railroads of the country, or of some section of the country.

If we accept the general conclusions of this article, I think it would be fair to say that for as long a time as it is given to man to look into the future, the railroads in this country, even more so than in the United States, will be an essential and very large factor in transportation services.

Now I should like to discuss for a moment the capacity of the country to bear its railway burden, as represented by the annual deficits on the Canadian National Railways. I am afraid that perhaps I may be regarded by some honourable members as somewhat of a heretic. We hear a great deal about the tremendous burden of these annual deficits, but I must frankly admit that I do not believe that burden is as onerous or as formidable as it is sometimes made out to be. After all, when you incur an indebtedness there is always some sort of asset to show for it. I was a good deal impressed by a report of the remarks made two or three weeks ago by Mr. Graham Towers, Governor of the Bank of Canada and one of our most brilliant public men, before the Banking and Commerce Committee of the other House. He was dealing with the general question of public debt, and he said that debt is an asset, in the sense that it represents something which has been acquired. He pointed out, further, that in every civilized country the public debt is a very considerable one, because the citizens of the country require and insist that their governments shall provide a great number of services. By way of contrast he referred to the natives of central Africa, who run around, as Kipling once remarked, wearing "nothin' much before, an' rather less than 'arf o' that be'ind." They, he said, have no public debt, and they enjoy none of the amenities which a public debt represents in civilized countries.

I think some honourable senators—I say this with a great deal of deference—are apt to have their vision obscured a little by the Canadian National's annual deficits, and therefore perhaps do not see the asset that lies behind those deficits. After all, does not part of that asset consist in the provision by our country of an excellent transportation system at less than cost? Of course, the difference between what this asset costs and what it yields in revenue has to be made up by means of taxation.

To speak in a still broader sense, the deficits on our Canadian National Railways can be described as the price we pay for the unity of our country.

We have been warned that if these deficits continue year by year we may have to default