

exhibit of any significance that has not been printed in the committee's Proceedings. It runs to about 30 pages of typewriting. I do not know whether the committee would like to have it printed in view of the importance recently attached to it.

Right Hon. Mr. MEIGHEN: I do not think so.

Mr. BIGGAR: No.

By Mr. Biggar:

Q. Now, Sir Edward, there is a passage at the bottom of page 10 of your submission of this morning:—

It has been admitted that the present railway situation produces losses to the public treasury which are of an alarming nature.

Now, in order to remove any misconceptions on the point, there is no doubt that the losses to the public treasury, according to the present set-up, are \$50,000,000 a year, practically, are they not?—A. The interest is \$50,000,000 a year according to the present set-up, and the losses would be the difference between that and the amount of operating revenues which may be applied to the reduction of it.

Q. They were about \$8,000,000 last year?—A. Eight or nine million dollars.

Q. And as I understand the situation, this suggestion for unification is really independent altogether of losses. It would be just as effective if the Canadian National were paying all its fixed charges, and something in addition.—A. It would be more effective. It would pay more money.

Q. Suppose the division was 50 per cent to revenue, on the figures your officers have given the range would be somewhere between \$35,000,000 and \$40,000,000?—A. Yes.

Q. And it really means that the problem is whether that amount or something like it is capable of being applied in relief of taxes?—A. Yes.

Q. Quite independently of whether the Canadian National loses money or makes it?—A. There is only this distinction in the two cases. If the Canadian National were earning all the money required to pay the interest on its securities in the hands of the public, let us say, roughly, \$50,000,000, and the Canadian Pacific were earning enough to pay reasonable dividends, there would be a very great saving, because that would indicate the extent of the business they were doing, and the greater the business the greater the saving.

Q. So, on that footing, going back to 1928, the figure would be substantially increased over the figure calculated from 1930?—A. Oh, yes.

Q. Just as it is decreased when calculated on 1937 as compared with 1930?—A. Yes.

Q. Now, can you add something to the proposal that is contained with regard to the examination of the situation by engineers? A reference was made to that in the discussion this morning, but you did not get an opportunity to make any remarks on it.—A. It is on the last page, No. 12. I felt that that would help the situation in this way. The committee has been very patient. You have sat here day after day for weeks and listened to a great deal of technical evidence from men who take different views of the estimates and their accuracy. I felt that if you had an entirely new approach to the problem on the factual side, by thoroughly trained experts, they could give a report to the Government which would either convince the Government that there were or were not substantial savings; and from what Senator Dandurand said on more than one occasion, and quite properly, that is a factor which must be taken into consideration when the advisability of a transaction of this kind is being considered. I realize that if negotiations were entered into, they would be complicated and difficult, and there would be views to harmonize, which