

and his friends had pursued, there was a large body of opinion in this country and in this house which was strongly in favour of, and would welcome and support, negotiations to be conducted in a broader spirit of tolerance than the spirit shown by the right hon. gentleman. We hoped as a result of that debate, and we still hope, notwithstanding the suggestion of the right hon. gentleman that the adjourned Imperial economic conference may not come off, that he and his advisers will even yet reform their attitude and change their methods and reconstruct their proposals so that the place which Canada occupied in Great Britain before the last Imperial conference will be restored to her, and that in the light of that altered attitude and that improved atmosphere the purpose may be accomplished for which the Imperial economic conference was called.

In speaking of the New Zealand treaty the right hon. gentleman shook his finger at this side of the house and said that we over here were the ones responsible for New Zealand withdrawing from Canada the privileges of the British preference. I want to point out to him and to the house that it was his party that moved an amendment to the effect that the New Zealand treaty should be abrogated.

Mr. BENNETT: It never should have been made.

Mr. RALSTON: The treaty was abrogated and no suggestion was made of withdrawing the British preference until last session when my right hon. friend struck New Zealand a blow in the face by doubling the tariff against New Zealand butter. I think my right hon. friend will find that the attitude and feeling in New Zealand was that the treaty could be abrogated if it was not satisfactory—there was a provision in the treaty itself for abrogation—but when the duty of butter was made eight cents instead of four she found it was time to look for trade in other places. This is an illustration of the difficulties which my hon. friends get into with regard to trade. They are very anxious for export trade, but to have export trade you must have some import trade as well.

Another matter to which I desire to refer, perhaps much more important than those I have mentioned, was the criticism directed at those on this side in connection with the Canadian National Railways. As I said before, those on this side of the house and the country generally, welcome opinions and particularly from a gentleman so well in-

formed as the right hon. the Prime Minister, but I do not believe he did himself justice and I am sure he did not do this house or this country justice by the way in which he dealt with the finances of the Canadian National Railways. I want to put on record what my right hon. friend said on that occasion because it is only by reading it in full that one can get the implication. Page 2159 of Hansard shows my right hon. friend as saying:

The balance sheet of the Canadian National Railways, through the profit and loss account indicates a loss in the eight-year period of 346 millions of dollars. The first and largest item making up this loss consists of 253 millions of dollars charged in the railway accounts—but not paid—as interest on the sum of 604 millions of dollars of direct assistance by way of cash loans which the government has given to the company. As between the government and the system, this is only a book-keeping item. The actual burden of this liability was taken over by the dominion and has been carried by the taxpayers of the country.

And further on he said:

The situation, therefore, is that since 1923 an additional capital liability of 400 millions of dollars has been assumed in respect of the railways, involving an increase in the annual interest charge of 20 millions of dollars. The system has failed to earn its interest charges during the period by a round sum of 86 millions, and the government had itself borne the carrying charges in respect of 604 millions of dollars contributed direct to the system, as well as, since 1927, operating losses of \$17,500,000 on eastern lines.

And then on page 2160:

The Canadian National Railways Act provides that the governor in council takes the position of shareholders under the Railway Act, and when I point out the sums that have been expended and the obligations that have been created during the last eight years, I do so because it has been done at the initiation of the government which is now the official opposition. Bear that in mind. I do think there is a failure on the part of the Canadian people to understand and appreciate the extent and character of the obligations which have thus been placed upon them. There you have \$86,000,000 of a deficit in interest earning power in the last eight years, in addition to which the people of this country paid interest on \$604,000,000 advance for the running of the enterprise.

My right hon. friend should first be fair to the railway and then perhaps after that the house and the country will be fair to those on this side. In fairness to the railway, let me point out that the \$604,000,000 to which my right hon. friend referred would appear to anyone reading the passages which I have quoted as being advances during the past eight years.

Some hon. MEMBERS: No.