

amounts to \$10,000,000. I presume the Manitoba government's guarantee will now be removed and it will become a direct obligation of this country. The point in regard to that is that all these renewals will now become actual guaranteed obligations of this country for which we as a parliament are taking full responsibility.

Had time permitted I might have said a few words on the necessity of hastening the remodelling of the financial structure of the railway system. This, I understand from the minister, cannot be done at present, for certain very good reasons which he gave to the committee. But undoubtedly there exists a very urgent necessity for an early and complete remodelling of this financial structure, so that if possible we can place this great system on a basis where it will take care of itself, at least to a large degree. I wish also to say that in these figures which I have quoted no note is taken of the interest of the public, which amounts to \$43,000,000 annually and which at present is taken care of out of surplus operating revenues of the railway; nor is any note taken of interest due to the Dominion government for advances made by it to the railway system. These two items have not been included in my remarks.

I present these views so that we may keep them before us when considering this very important matter of the financing of the national railways.

Mr. DUNNING: I appreciate very much the constructive tenor of the remarks of my hon. friend from Vancouver Centre (Mr. Stevens) with respect to what is the country's major business enterprise. I shall not offer any observations at this time with respect to the Montreal terminal matter; I propose to go on with it immediately after this resolution is disposed of so that my hon. friend's remarks in that connection may be in the minds of hon. members when the question is before the house.

With respect to the general situation as outlined by my hon. friend, I can find no fault with the figures he presented as having to do with the financial requirements of the National system; I believe, listening to them, that they are approximately correct. He calls attention very properly to the magnitude of the figures and to the responsibility which rests upon the management, upon the minister and upon parliament in connection with an undertaking so huge, involving as it does problems of financing very large in character. Let me say, however, that we might easily go to the opposite extreme in our view of this great institution. These capital commit-

ments would be just as necessary and would be just as large if not larger were these railways to-day owned by the three institutions which formerly owned them. They would be split up, it is true, among the three corporations or institutions; but the requirements would be there, and I am inclined to think that if the management were divided into three, as formerly, in all probability the aggregate financial requirements would be greater than they are to-day when we have the benefits of coordination in management, in operation and in the financing of the undertaking.

My hon. friend is quite right in pointing out that these obligations are not merely corporate obligations as they were in the days of private ownership, but are now really obligations of the Dominion of Canada, by way of direct guarantee, as he indicated; or even if not guaranteed they are in fact obligations of the Dominion; because no one can conceive of the Dominion retaining ownership of the property while repudiating the bonded indebtedness attaching to the property, I appreciate to the full my hon. friend's suggestion that the committees of parliament charged with these matters should go thoroughly, sympathetically and constructively into all proposals made. My experience with the management, going back now as minister, to early in 1926, convinces me that we have in the present management and official personnel of the Canadian National Railways, men who really desire to make this undertaking succeed as an undertaking, and without regard to the fact that they are able to come to parliament for money. When any proposal is put before me requiring parliamentary sanction the railway officers are always anxious to demonstrate to me, and through me to parliament, the intrinsic economic merit of that proposal. With respect to new extensions and things of that sort, it is always the effort of the railway officials to demonstrate that the proposal will earn more than sufficient to pay interest on its cost—more in other words than 5 per cent per annum, and make some provision for capital in addition.

Necessarily in a new country our calculations must admit of the presence of some uncertainties. We are developing new country in many directions. Up to now experience has indicated that this development has been wise from an economic point of view. But necessarily, in commencing it, there must be a willingness to take a certain degree of chance; there is always a certain degree of economic chance in entering upon the development of new country. I am happy to be able to say that so far as one can accurately