

who give their lives to the perfecting of their knowledge in regard to railway matters? Surely, ordinary common prudence should prompt us to say that the Government would have been right in suggesting that there should be an inquiry. Do you not think that instead of dealing in generalities we ought to have a statement before the House—and the Government, no doubt, will have it before them—as to just what the financial position of the Grand Trunk is? I am told that the deficit on the Grand Trunk last year was \$15,000,000, last year the deficit on the Canadian Northern was \$70,000,000, of which amount \$33,000,000 went to pay interest upon mortgage and bonds. It has been said that this deficit is due to the increased wages of employes, but the blue book shows that the increase in wages amounted to only \$12,000,000, so that the deficit cannot be due to that alone; there must be other important reasons for it. I submit, therefore, that this House should know the exact financial position of all these railways before we embark upon any new policy or lay down any new lines.

We have to deal with most serious problems in regard to this matter. As I have mentioned, the hon. member for North Toronto would co-ordinate this system in twenty-four hours, but I would direct the hon. gentleman's attention to the fact that the Grand Trunk railway, which is proposed to be the subject of co-ordination, does not operate only in Canada; sixteen hundred miles of it are in United States territory. Forty-one per cent of the total tonnage carried by the Grand Trunk comes from the United States; seventy per cent of its freight traffic receipts is obtained in that country. The proposal is that this Government become a competitor in the United States, a foreign country, with American railways operating there. Grave international difficulties surround this question. There is no precedent in the world's history for one government operating a public utility within the territory of another without first making with that country a proper agreement or arriving at an understanding in regard to the matter. Take the case of the Suez canal; when the contract for that work was arranged, France and England had to obtain from the Khedive of Egypt his permission to proceed, although at the time the Khedive had very little authority. Take the case of the Panama Canal; when the United States undertook to construct that work they obtained from the newly-created Republic of Panama the

concession which was necessary before actual operations were commenced. We are in this position with regard to the United States, that this Government, owning the Grand Trunk railway in that territory, would be dependent on the federal United States Government for all the laws they might pass with regard to the road, including liability for any taxation they might impose, and liable also to taxation and legislative interference by the six or seven states through which the railway runs. What would we think in this country of such a proposition as the American Government purchasing the stock of the Canadian Pacific railway? It is not inconceivable that that might not occur. All that they would need to do would be to purchase the stock as it was offered on the exchanges. What would we in Canada say if the American Government owned all the stock of the Canadian Pacific Railway and wanted to operate that road in this country?

Mr. MACLEAN (York): Did not Sir Wilfrid Laurier know when he made this deal that the Grand Trunk owned this railway in the United States?

Mr. MACDONALD (Pictou): My hon. friend has not caught my point. Sir Wilfrid Laurier made no agreement with the Grand Trunk to operate any railway in the United States.

Mr. MACLEAN (York): The Grand Trunk was operating both sections.

Mr. MACDONALD (Pictou): Not as the property of this Government. I am calling the attention of the House to the fact that a decision on this proposal that the Canadian Government should own and operate this 1,600 miles of railway in the United States is no twenty-four hour affair, it demands inquiry and careful consideration; and as an illustration of the necessity for that deliberation I am suggesting the situation that might arise at any time if the American Government purchased all the stock of the Canadian Pacific railway and wanted to operate that railway in Canada. We would certainly think carefully over such a proposition as that. And I submit from my short study of this question that our problem is a very serious one. It is not brought into Canadian public life as a result of anything done by the Liberal party, but is another of the many problems that my right hon. friend the leader of the Opposition has laid at