

traffic it would be necessary to charge a higher rate than anyone would want to pay for freight going to the West.

I believe in the strictest economy by the Dominion Government as well as by everybody else. I am not strongly in favour of requests from the provinces for us to dig into the federal treasury whenever they want some assistance. The Dominion Government carries a very heavy burden resulting from the war. Business men are being highly taxed. Ontario has begun to tax them this year as it never did before. I believe in the future of Canada under economic and safe management. If we let the executives of these two railways work together harmoniously and serve the people of Canada at the lowest possible rates, it will not be long before the depression comes to an end and the incomes of the railway companies are revived. There is no fear in my mind that railway securities in the Dominion of Canada will not be paid in full.

Hon. G. D. ROBERTSON: The right honourable gentleman has made a very interesting speech on railway operations. I do not intend to invade that field, but I should like to say a few words on the Bill before us. Its purpose is to provide moneys whereby the expenses, obligations and deficits of the Canadian National Railways may be met. I agree entirely with my right honourable friend that our two great railways are being efficiently managed, particularly since the extravagant capital expenditures on one of them have been curtailed. Both have been going through severe times, and the reasons are not far to seek. In 1928, one of the years mentioned by my right honourable friend, Western Canada produced more than 500,000,000 bushels of wheat, which sold at \$1.25 a bushel or higher. In the present year there will be less than 200,000,000 bushels produced in the same area, and the price, roughly, is 60 cents. So it is not difficult for any person, whether a railway expert or a layman, to understand why the railway companies are experiencing a depression.

The conditions which have brought about the tremendous reduction in the purchasing power of the people in Western Canada are the result, not of anything done by the railway management, or by members of Parliament or any other person, but of an act or dispensation of Providence. Railways are unable to earn revenues as large as they could in 1928, 1929, and some previous years. Only 744,000 cars of freight had been loaded on all the railways in Canada during the first six months of this year, as compared with

Right Hon. Mr. GRAHAM.

1,143,000 cars in the corresponding period of 1929. The figure for the similar period in 1930 was between those two. The railways are suffering because of decrease in traffic, for which neither the Government nor the companies are responsible.

More than 20,000 railway employees have lost their employment. In my humble opinion there is a limit to which economy can be carried with safety in railway operations. I am not at all sure that maintenance work is being kept up on the railroads to the point that safety requirements would dictate.

It is of course desirable that in all walks of life, during such a period as we are passing through, an endeavour should be made to reduce expenditures in accordance with the reduction in earnings, and this is more necessary now than in the heyday of prosperity. My right honourable friend has given us an excellent report on the management of our railways. That other great railway system, which has been as hard hit as the National System and which has to pay its own way, has been forced to reduce its dividend payments largely because it is the heaviest taxpayer in Canada and is helping to pay the deficits on the lines of its competitor, the payment of which deficits is guaranteed by Bills like the present one. It is important to Parliament and to the country that every care should be exercised to see that economy is practised sanely, but not so extremely as to render dangerous the operation of the railways and thus adversely affect the public interest.

May I say a word with reference to railway rates? In Canada these are to-day approximately twelve to twelve and a half per cent lower than in the United States. Notwithstanding that difference, American lines are asking for an increase in their rates. The railways in the United States have an advantage over Canadian lines also in density of population: we have about 220 persons to the railway mile, whereas they have 486, or more than double the number. Our railways have to contend not only with lower freight rates, but with more difficult climatic conditions than generally prevail in the land to the south.

I am not sure that it is wise for this House to discuss freight rates in detail, because there is a tribunal charged with the responsibility of regulating those rates, which has been established for many years and enjoys the confidence of the people of this country. It is not my purpose to criticize anything that has been done in the past, but I would point out that we may well reach a point where the existing scale of freight rates