

have to build very expensive highways of their own. The publicly built highways upon which these motor buses and trucks operate are built to a certain extent by the taxes paid by the two great railway systems. Therefore, this is unfair competition.

The fourth cause of the present depressed condition of the railways of Canada is the world business set-back which has taken place during the past three or four years. Not only have the railways in Europe been faced with decreased traffic, but the same applies to the railways in every country and more particularly to those on this continent where such immense distances are traversed by the lines.

There are a couple of points which I wish to draw to the attention of the house and which it would be well to keep in mind in discussing the financial position of the railways. In the first place, there must be kept in mind the public debt, that is, the debt owing on bonds bought by the investing public, the money being used for the extension of the Canadian National Railways. This debt to-day amounts to \$1,280,000,000; the interest thereon in 1931 amounted to \$57,000,000, over \$1,000,000 per week, of which \$37,000,000 was payable in the United States. Four-fifths of the total debt of \$1,280,000,000 was guaranteed by the government of Canada on behalf of the people of Canada. The people of Canada are responsible not only for this four-fifths which has been guaranteed by the government but also for a large proportion of the remaining one-fifth. The interest upon this obligation must be paid unless this country takes the position of repudiating its debt, as Russia has done.

This is the main figure in the financial picture of the Canadian National Railways, but there is another figure which at times gets mixed up in the picture—and until it is eliminated it should be mixed up—I refer to the Dominion of Canada account. This account as appearing on the books of the Canadian National Railways totals to something over \$1,360,000,000. It is made up mainly of three items; loans from the Dominion of Canada amounting to a little over \$605,000,000, interest accrued upon these loans amounting to \$350,000,000, and appropriations for Canadian government railways amounting to \$405,000,000. The last item covers the moneys expended upon the construction of the Intercolonial, Prince Edward Island and National Transcontinental railways.

Mr. BEAUBIEN: That was before the national system came into being.

Mr. MANION: My hon. friend is quite right; much of this money was spent before the Canadian National Railways came into being. The National Transcontinental and the Intercolonial are to-day being operated as part of the national system.

Suggestions have appeared in the press that there should be a refinancing of this system. I have read in some outstanding papers that if a proper picture was drawn of the financial position of the Canadian National Railways, then these railways would be able to pay their way. This suggestion is applied particularly to the \$1,360,000,000 making up the government account. The greatest amount which has ever been proposed, even by the railways, to be wiped off has been between \$600,000,000 and \$800,000,000. This proposal was made in 1928 to the Hon. Mr. Dunning when he was Minister of Railways. The fact is that if that \$600,000,000 or \$800,000,000 were wiped off no actual benefit would accrue to the Canadian National Railways because not one cent of the principal or of the annual interest has ever been paid. Even if the total amount of \$1,360,000,000 were wiped off it would make no actual difference to the financial position of the Canadian National Railways. I repeat, neither the principal nor the interest has been paid by the National railways and, in my opinion, I do not think one cent will ever be paid back to the government.

Mr. BROWN: Is the interest being added year by year to that amount?

Mr. MANION: Interest has not been added on the total amount of \$1,360,000,000, but it has been added to an item which is part of this amount, to the \$600,000,000 advanced during the past few years to the Canadian National Railways and subsidiary companies. This interest amounts to some \$32,000,000 annually and has been added on the books of the company but has not been added in the public accounts of the country.

I want it clearly understood that even if the whole \$1,360,000,000 was wiped out it would make no difference to the financial position of the Canadian National Railways. I make that emphatic statement because it has been said so often, by men who should know better, that if all or a part of this amount owing to the government was wiped off, then the Canadian National Railways would be in position to pay its way. As a matter of fact, of the \$1,360,000,000, \$600,000,000 to \$700,000,000 was actually put into capital expenditures of the railways that I have mentioned, so that is absolute capital expenditure on behalf of