

by the Government itself, the systems of Railways concerned, but by the Canadian people generally, so that the views of the Commission may be thoroughly understood, and if deemed advisable given effect to at the next Session of Parliament.

#### 4. *Maritime Freight Rates Act and Eastern Lines.*

Your Committee have also had under consideration Item No. 317 in the estimates providing for the payment to the Canadian National Railway Company as required by the Maritime Freight Rates Act of the deficit incurred during the period under review on Eastern lines. The amount of the estimated deficit is \$6,217,400, and in addition the sum of \$1,750,000 representing the estimated amount by which the revenues of the lines will be lessened during the year by the reduction of rates applicable to Eastern lines by the application of the Maritime Freight Rates Act. In view of the legislation existing your Committee are of opinion that the amounts asked for are necessary and proper to give effect to the letter and spirit of the Maritime Freight Rates Act, and in the operation of the Eastern Lines. Your Committee are, however, of the opinion that the two items above referred to, the deficit in operation of the Eastern lines, and the amount required to reimburse the National Railways for reductions in tolls under the application of the Maritime Freight Rates Act should not be included in the same estimate, and should be severed and shewn separately, even if legislation to effect that end is necessary, and respectfully recommend that appropriate action in the premises be taken so as to provide that the amount required to provide for the payment of the deficit in operation on the Eastern lines be entirely severed from the amount required to be paid in reduction of tolls under the application of the Maritime Freight Rates Act.

Your Committee have also had under consideration Item No. 316 being the amount required under the Maritime Freight Rates Act to provide for payment from time to time during the fiscal year 1932-33 of the difference, estimated by the Board of Railway Commissioners and certified by the said Board to the Minister of Railways and Canals, as and when required by him occurring on account of the application of the Maritime Freight Rates Act between the tariff tolls and the normal tolls, referred to in Section 9 of the said Act, on all traffic moved during 1932 by the independent Railway Companies mentioned therein, and your Committee are of opinion that this amount is necessary to implement the provisions of the Act in that regard and should be granted by Parliament.

#### 5. *Canadian Government Merchant Marine.*

Your Committee have had under consideration Item No. 314 in the estimates, relating to loan to the Canadian Government Merchant Marine, Limited, to be applied in payment in deficits in operations of the Company and of the vessels under the Company's control during the year ending December 31, 1932, amounting in all to \$440,000, a decrease of \$148,500 over the previous year.

Your Committee have also considered the balance sheet of the Company and are of the opinion that the said sum of \$440,000 is required for the purpose of the Company and should be granted by Parliament. Your Committee reiterates their view and believe that the time has come when the Government should, if possible, abandon the policy of operating a Government Merchant Marine, and if possible arrange for the sale or lease of the fleet, and where practicable, and not contrary to Imperial or Inter-Dominion relations, make arrangements with other shipping companies so that the Trade of Canada may be protected.