

After taking into consideration the disappointing result of the operations during the latter part of the year, the large disbursements which the company will have to make during the first half of the current year as a result of its interest guarantee on obligations of the Soo Line, and the general uncertainty as to the prospects for 1938, your directors decided to declare a dividend of 2 per cent on the preference stock from the earnings of 1937, payable April 1, 1938.

What I wanted to call attention to was the statement as to this interest guarantee on obligations of the Soo Line.

Now may I read a recent item from the Montreal Daily Star? It says:

Suit Begun Against C.P.R.—Soo Line Bondholders in U.S. Seek \$1,340,635

The Canadian Pacific Railway Company was sued yesterday for \$1,340,635, representing claims for defaulted interest upon bonds sold by the Minneapolis, St. Paul and Sault Ste. Marie Railway Company. (The Soo Line.)

The action was brought in Federal Court in behalf of all holders of first consolidated five per cent 50-year gold bonds. The plaintiffs, Fred H. Hawley and Walter S. Smith, said they own \$28,000 of the bonds.

Canadian Pacific guaranteed a total of \$64,999,000 of Soo Line bonds due to mature July 1, 1938, they asserted. Soo Line filed application for reorganization June 30, 1938. No payments have been made on principal or interest. The suit contends that Canadian Pacific's obligation continues until payment of the principal.

I read that because I am wondering whether my unification friends are in favour of our assuming the Soo Line obligations, which—may I be pardoned for saying?—the Canadian Pacific is evidently welshing on, if we are to trust that newspaper report.

I have cited to you the splendid dividends paid by the Canadian Pacific from 1926 to 1930, inclusive. You will note that these are all years after the unification resolution was voted in this Senate. Would it be unfair to refer to Sir Edward Beatty's views on unification in 1926, when the Canadian Pacific was paying \$30,000,000 odd in dividends? On March 16, 1926, just before the dividend date; Sir Edward is reported by the Montreal Star to have said:

Nothing is more important to the successful operation of Canada's railways than fair rate schedules. Pressure is periodically brought to bear looking to the granting of rate concessions on grounds of national or local interest, and I fear that many Canadians feel that difference in the character of ownership of these railways involves a difference in attitude towards the matter of adequate revenues. The only existing problem respecting rates is their reasonableness and freedom from unjust discrimination.

A little further on he said:

I hope I shall not live to see the day when Canadian railways are nationalized, because I would regard the nationalization of these huge properties, without competition, and politically influenced in their administration, as would inevitably be the case, to constitute the greatest political and commercial menace this

country could possibly experience. As conditions are, there is no sounder nor safer principle than that laid down in the letter and spirit of the Railway Act.

I whole-heartedly agree with Sir Edward's view as expressed at that time.

Now I want to pass rapidly along, because again I see my chief looking at me, and I know he is wondering how much longer I intend to take. I will do the best I can, but my conscience will not permit me to quit without trying to put before the Senate in a reasonably comprehensive way some of the things which I think should be chronologically arranged for the guidance of our opinion, and, a little later, I hope, our vote.

Hon. Mr. DANDURAND: My honourable friend will remember that I told him he should do justice to his conscience.

Hon. Mr. MURDOCK: I will try to do that.

I hope my honourable friend from Montarville (Hon. Mr. Beaubien) will forgive me for referring to him so often, but for almost two years I have been hearing him tell the same story, with its inevitable reference to the one important point, unification—amalgamation. I have seen my honourable friend gesticulating before the committee and before this House, this session and last. I do not question his sincerity, but personally I believe his judgment is just as much at fault now as it was in 1916 when he advocated paying more than \$7,600,000 for properties adjacent to the city of Quebec which were not worth \$100,000, as I said a little while ago. That \$7,600,000 is now part of the millstone which my honourable friend tells us is hanging around the neck of the Canadian taxpayer.

My honourable friend has stressed at considerable length the enormous debt burden of Canadians for federal, provincial and municipal purposes. The World Almanac for 1937 gave certain figures in respect to the per capita liability of the citizens of Great Britain. It placed that liability at \$830. For the same period the per capita debt of all Canadians was \$621. Since 1937 both those figures have increased considerably, and they are still increasing. The Canada Year Book for 1937 showed Canadian citizens' federal, provincial and municipal taxes for the year 1934 as \$61.16. For the same period the tax burden of citizens of Great Britain was \$93.45; of citizens of the United States, \$78.14; of citizens of France, \$75.80. I think we should have some of these figures before us.

I am sorry to note that my honourable friend the senator from Westmorland (Hon. Mr. Black) is not here. That distinguished and very capable gentleman, with a long business experience, had a good deal to say about Canadian railway men's wages, as had also