

\$700,000 is wiped out. It is a net value to the treasury of \$1 million. If you take off the customs duties you have to take off the \$700,000. I think that \$700,000 is conservative.

**Mr. Smallwood** Commenting on Major Cashin's remarks, I would like to point out that this \$700,000 is only the average amount that the government has had to pay to the Railway each year since 1923. It is not the actual losses of the Railway at all. The loss last year was \$1 million; this year it is going to be \$1.5 million. Commenting on another point raised by Major Cashin, he is right. In 1940 the government owed the Colonial Development Fund \$2,794,000 of the \$4.5 million they borrowed. In 1940 the Colonial Development Fund cancelled that debt. Included in that was an amount of \$600,000 that the government borrowed from the Fund to give to the Railway to build a paper shed and pier at Port-aux-Basques (\$300,000) and one at St. John's (\$300,000). That was included in the \$2.75 million cancelled in 1940. Yet, since 1940, the Finance Department has been collecting from the Railway the interest on that loan. It is only an amount of between \$3,000 and \$4,000 and as they have been dealing in millions, I suppose they have not paid much attention to it. With regard to the additional cost, during the war years they did make a profit each year. Their costs now begin to rise and today we find the cost of wages has increased 60%, steel, coal and other purchases have advanced close to 100%.

**Mr. Jackman** Have the freight rates been adjusted to meet the rising costs?

**Mr. Smallwood** Not in late years.

**Mr. Jackman** How can you have a profit if you do not match your rates to meet the increased costs? If you are going to have increased costs, you must have increased freight rates and increased passenger rates. My opinion is that there is a deliberate policy to foist the Railway on us as a white elephant, and it is going to be used as a political issue either for confederation with Canada or Commission of Government. If this Convention is going to resolve itself into a dollars and cents Convention, I am going to fight it. Remember the human element is important. It was not dollars and cents that won the war. We won the war but we have lost the peace. I suggest freight rates and passenger rates be increased to meet the cost. The people will pay. They are

paying the excess profit tax. We must remember it is not dollars and cents which count, it is the credit of the country. If the Railway is losing money, and losing it through not raising freight rates and passenger rates they should raise them. People are going to pay, anyway.

**Mr. Hillier** I did not happen to be here at the opening of this debate, but I have listened with great interest to the various speakers and I find figures are very interesting things, but I feel as we have a lot of reports yet to consider and if we spend so much time debating each report, we will get through in the New Year of 1948.... The question is, what has the government to contribute to the Railway to keep it going? It is earning something. The Railway is a necessity. We have to consider income and expenses, but we should be as brief as possible in debating.

**Mr. Northcott** I think Mr. Jackman struck the nail on the head. If I have 100 pounds of freight landed at Lewisporte it will cost 78 cents; if I have a carload lot, I will get it for 39 cents. If the AND Co. has a carload lot, they get it for 16 cents per 100 lbs. I have no money; they have. Same thing applies to Bowaters. We are giving them too big a concession. We can pick up a lot of money there, maybe \$30,000 or \$40,000 a year. The time has come when we should. It is true they own their cars; it is also true that they pay 16 cents per 100 lbs. I think the same concession applies to Bowaters and I think Imperial Oil are getting their cars hauled back from Gander without charge. I do not think it is fair. There is need of an adjustment there, and a large one.

**Mr. Job** Do these figures of the cost include the profits derived from the dry dock, which must have been considerable, and from the number of chartered steamers? We know these profits from the dry dock and from chartered steamers are going to be reduced to almost nothing in the future.

**Mr. Smallwood** For every year, 1940-45-46, earnings means earnings from every conceivable source.... Actually during the war \$600,000 profit was made in the chartering of outside steamers. So far as the dock is concerned the figures are here. In normal times the dock comes pretty close to breaking even.

**Mr. Job** There, again, they pay duty on imports of plating. I do not see how they expect to be able to compete with other places. With that extra cost