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**ECONOMIC EXPERT SAYS  
 C.N.R. IS REAL ASSET TO  
 DOMINION OF CANADA**

(Continued from Page 1)

enough to pay his wage bill, the cost of all materials used, and to maintain his factory in good usable condition, paying all taxes and public charges and leave over \$2,000 a year. The ordinary man would say, "my business has yielded me a \$2,000 profit on my \$100,000 investment." But the man who damns the Canadian National Railways says, "Oh no, you should have earned \$6,000 on your \$100,000 investment and therefore your plant has lost you \$4,000 and your business must issue a note to you for this \$4,000 loss and pay interest on it." This goes on for a period of years and you will see that in a relatively short time the business which in point of fact was making a small return on the invested capital would be shown as a hopeless proposition.

"The Canadian National Railways, from 1923 until well on into

the depression in 1931, paid all its wages and materials on operating account, taxes and all items of expense except interest on invested capital, including substantial provision for depreciation and retirement of property and amortization of bond discount—in fact all items of expense whether immediately needed in cash or not, and had left over something as a return on the property investment. During the worst of the depression years 1931, 1932 and 1933, the property just missed doing this, but did provide more than sufficient to meet all its cash expenses, except interest. In 1934 a slight return on invested capital account resulted from the improvement in business conditions and the 1935 result is again somewhat better.

**Actually Made Profit**

"With no allowance for the fact that a considerable portion of the property of the Canadian National, such as the Intercolonial, was never designed to operate for profit, the return upon the total invested capital prior to the depression has ranged from seven-tenths of one percent to 2.3 percent per year and, if a correction is made for the invested capital on properties not designed to operate at a profit, the return on the balance of the property would range from 1.3 percent to 3.1 percent and, mark you this, upon the total investment without the write-down of one dollar representing the adjustment in the capital structure which might properly have reflected the virtual bankruptcy of the properties at the time they were taken over.

**Can Stand Comparison**

"Certain critics of the Canadian National and of government ownership are fond of pointing the finger of scorn at a comparison of the operating ratio of the Canadian National with the operating ratio of other large railway systems. Relevant factors all need to be taken into account before one could draw any inference as to relative operating efficiency from a spread in the operating ratios. When thoroughly looked into the conclusion one would reach is that the spread in the operating ratios arises mainly from differences in the characteristics of the properties and not from a difference in efficiency. The staff of officers and employees of the C.N.R. will stand comparison with the best."

"Replying to charges that the Canadian National pays little or no taxes, as compared with private industry, Mr. Fairweather said that the direct taxation paid by the C.N.R. at present amounted to \$5,200,000 a year, as compared with the C.P.R. payments of \$4,100,000 and indirect taxation including sales tax, excise tax, etc., to an estimated amount of \$16,000,000 per year on the C.N.R. compared to \$10,000,000 per year on the C.P.R., the total tax payments of the two systems being \$21,200,000 for the C.N.R. and \$14,100,000 for the C.P.R.

Mr. Fairweather said that attempts had been made to promote the misconception that the capital expenditures on the Canadian National Railways, amounting to \$432,000,000 from 1923 to date, had been wasted. He contended that the largest part of this capital was wisely expended and, had heavier rails, stronger bridges and better locomotives and cars not

**Rare Picture of Victoria and Edward**



This rare picture from out of the past shows Queen Victoria with her great-grandson who is now King Edward VIII. The young Prince was only seven years old when the great old lady of the British Empire died, marking the passing of the Victorian era. Historians feel that the passing of George V marks the end of another era.

been procured, the operating costs of the property at the present time would be at least \$12,000,000 a year more than they are, an amount equal to the interest on the capital spent.

**At Variance With Facts**

"Speaking as an economist, concluded Mr. Fairweather, "I find the assertion that there is a railway problem so serious as to threaten the existence of the country somewhat at variance with the facts. If the assertion were true, one would expect to find Canada burdened with very high unit transportation costs. Quite on the contrary, one finds that the economic unit cost of railway transportation in Canada is as low as that of any other comparable country in the world. One would expect, too, to find a country in which the ratio of its wealth to its railway capital was low; quite on the contrary one finds the ratio of national wealth to invested railway capital in Canada

to be high. In fact, for every dollar expended on railway development, there is an average figure of over \$1000 in national wealth and this Canadian National wealth could never have been brought into being without the railway development."

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5 lbs. Spuds
- Shoulder Lamb Chops— 15c  
per lb.
- Shoulder Veal Steak— 25c  
2 lbs.
- Veal Stew, 2 lbs. & 25c  
5 lbs. Spuds
- Hamburger, 3 lbs. & 25c  
2 lbs. Onions
- Pot Roast— 35c  
4 lbs.
- T-Bone Steak, 2 lbs. & 50c  
5 lbs. Spuds
- Boiling Fowl— 20c  
per lb.
- Ayrshire Bacon— 25c  
per lb.
- Pork Hock— 10c  
per lb.
- Shoulder Roast of Pork— 15c  
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**Mac, What Are You Going to Do?**

—By Westover

**COLBERT  
 TRIUMPH**

Popular Actress Here in Her Latest Success, "She Married Her Boss"

The Capitol Theatre here opens a week of outstanding pictures to-night and tomorrow with Claudette Colbert's latest triumph "She Married Her Boss." The theme of the new picture lends itself readily to buoyancy and charm. Miss Colbert is seen at the outset as a painfully efficient private secretary to Melvyn Douglas, a young business man who has become embittered as a result of marital experience. The latter finds he cannot do without his secretary so, to hold her, he decides to marry her. She has no intention of being majordomo both at home and at the office so she gives up business for domesticity. In time the secretary divines the real reason why her boss married her and then the hair begins to fly. Michael Bartlett, who made a hit in Gace Moore's latest picture "Love Me Forever," is seen in "She Married Her Boss" as a playboy-business man.

Later in the week "Shipmates Forever," with Dick Powell and Ruby Keeler, and "The Dark Angel," with Fredric March, Herbert Marshall and Merle Oberon, also above the average in entertainment value, will be shown.

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The surprise picture of the year . . . Joyfully hailed from coast to coast as the grand successor to "It Happened One Night!"

Claudette COLBERT

**'She Married Her Boss'**

A modern, amusing, sparkling light-hearted comedy in which Claudette is at her best in the gracious, charming type of comedy role that won her last year's Academy Award. Critics unanimously agree that this picture is the finest Miss Colbert has made since "It Happened One Night" and that it is fully as entertaining as its predecessor . . . and what more could be said for any picture?

— with —  
 MICHAEL BARTLETT  
 (At 7:30 & 9:30)

HIT NO. 2—Wed., Thurs.

Their first show together since "Flirtation Walk" and what a show it is!

Dick Powell — Ruby Keeler

**"Shipmates Forever"**

HIT NO. 3—Fri., Satur.

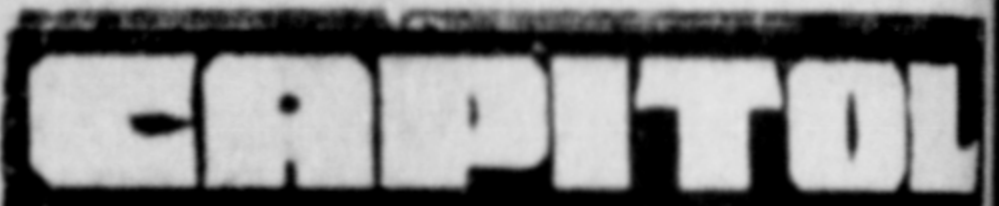
All hearts will beat faster with the pulsing power of this beautiful picture!

Fredric March  
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With Merle Oberon

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