

of the system. We must not forget that we are all shareholders in that system; that the money came from us; that it has been lost in the operations of the railway and that we, although carrying our load and repudiating none of our obligations as shareholders of Canada, should accept that as a national common stock equity.

Hon. Mr. LYNCH-STAUTON: Does the honourable gentleman mean that Canada has an equity in the Canadian National above its indebtedness of a billion and a half?

Hon. Mr. DANDURAND: No. I say that the amount we set down as practically lost—advances to meet deficits and interest upon deficits—is set aside in the equity trust simply to maintain our right of priority—

Hon. Mr. LYNCH-STAUTON: I understand that.

Hon. Mr. DANDURAND: —and to present, for whatever it is worth, a clear statement of what we have advanced in the years of depression up to date; that it will stand there for the purpose of giving a clear knowledge of the efforts made by Canada in railway building.

Hon. Mr. BLACK: May I ask a question? Aside from the \$227,000,000 to which the honourable gentleman referred in the early part of his remarks—

Hon. Mr. DANDURAND: \$270,000,000.

Hon. Mr. BLACK: I think there were some deductions. But aside from that, which is probably not a debt properly chargeable to the Canadian National Railways, are not these other two groups of figures—the one it is proposed to put into this trust and the one it is meant to retain as part of the railway—the debt of the railways of Canada to the people of Canada? The money was actually put in, was it not? It was expended by the people of Canada?

Hon. Mr. DANDURAND: Yes. The money was expended by the people of Canada, and they are supposed to have a claim against themselves as the owners of the Canadian National Railways. Whatever dead wood remains is kept because the people of Canada are the shareholders in the company, and because any other claims that might be presented are secondary to those advances. This claim represents to the shareholders of the company—my honourable friend and myself—a common stock equity.

Hon. Mr. BLACK: It represents, if I understand it, something over \$3,000,000,000 of actual money expended by the people of

Canada. What I want—for I must have some justification for supporting the Bill, if I do support it—is an explanation as to why, if we have over \$3,000,000,000 in this railway we do not show it. Why divide it up? I have not seen any explanation or any definite reason showing why we should split this debt which the people of Canada owe to themselves—if you wish to put it that way—and why we should try to allocate one part to the trust company and another part to the public accounts. It seems to me that we might as well keep it all in one account. I have not yet heard a satisfactory explanation for the subdivision of these figures.

Hon. Mr. DANDURAND: Possibly I have not made myself clear, but I have been supported in my argument by all the authorities, from Sir Joseph Flavelle down to those of the present day, who have had anything to do with the Canadian National Railways. They have said it was unfair to have what is apparently a separate entity carry an expenditure which has not brought any increase to the capital, but has been simply the payment of deficits and the accumulated interest upon them.

I may say to my honourable friend that when the Bill came from the Commons the other day I said that I would not ask the Senate of Canada to accept the underlying principle, but would simply ask that we give the Bill second reading and send it to committee, where the matter could be thoroughly sifted, and when the committee reported honourable gentlemen could express their opinions and challenge the report if they so desired.

Right Hon. ARTHUR MEIGHEN: Honourable members, when this Bill was up two days ago I confessed my despair after a vigorous effort to understand its purport and full effect. Even now, after the speech of the leader of the Government and after as many hours of concentrated effort upon it as I could give, I am not at all hopeful of making the full import of the measure clear to the House, the reason being that it is not clear to me. However, I have gone far enough to think I understand quite a little bit about it, and I will ask the House to bear with me while I attempt, as briefly as possible, to make clear what I do know of the measure.

It is almost impossible to overestimate the real significance of this legislation. It appears in a very engaging habit. One would think that it did not make much difference where we put the account of the Canadian National Railways; that by altering the balance sheet and writing down, as we are in the habit of