

that the Canadian Pacific Company was insistent that its rival's balance sheet should be so loaded. That may be, but I submit that the picture to be presented to investors and to the people at large should be the balance sheet prescribed by the Bill. This would overcome the difficulty of the Canadian National Railways' total expenditure being added to the total expenditure of the Government, with a resultant duplication of some \$1,500,000,000.

We discussed the question at considerable length in the Railway Committee, and the last objection we met was as to whether the grants made by the Dominion to the Canadian National Railways should be included in the public accounts or in the railway system's accounts. The argument has been advanced that if the new balance sheet is distributed throughout the country an impression will be created that the system is doing so well as to justify demands for further capital expenditure and increased wages. I doubt very much whether the balance sheet of the Canadian National Railways is circulated among the masses. We know that the people are kept informed of the true situation of the National Railways through the press and the discussions in the special committee of the House of Commons which deals with Canadian National Railways' finances. We have no corresponding committee, but through the sources I have mentioned and discussions in this Chamber and in the other, full publicity is given to the finances of the National Railways. After all, what are the people concerned about? Indeed, what are the majority of honourable members of the Senate concerned about? I wonder how many honourable members study the Canadian National Railways' balance sheet. Each year we know the extent of the operating deficit of the Canadian National Railway System, and when the deficit for the past fiscal year was found to be considerably lower than usual the fact was heralded in the press. The management of the Canadian National Railways is trying to establish equilibrium between expenditures and receipts, and so bring the system nearer to the point where it will be no longer in the red. In nine cases out of ten, if not in ninety-nine cases out of a hundred, the people of Canada rely on the presentation of the accounts of the Canadian National Railways before the special committee of the House of Commons to ascertain to what extent the system has improved its position.

I cannot accept the proposal that in the balance sheet of the Canadian National Railways there should appear a schedule giving ex-

penditures on the system in the form of subsidies which will never be recovered. I would point out that in 1933 the late Government introduced what is now known as the Canadian National-Canadian Pacific Act, which provides that advances to the Canadian National Railways shall not be funded. Since then the moneys voted each year to cover deficits have not appeared in the balance sheet of the company. We simply ask that the same principle should be carried back year by year; that previous deficits, with the formidable interest that has accrued, should likewise be omitted. Those deficits and accrued interest will be shown in detail in the public accounts.

Right Hon. Mr. MEIGHEN: But at that point my honourable friend should also say that in addition to carrying back the omission of the deficits—not necessary, I think, when you do not refund—the Bill cancels \$530,000,000 of interest, not on deficits but on capital advances.

Hon. Mr. DANDURAND: Which my right honourable friend admits will never be collected.

Right Hon. Mr. MEIGHEN: Unless the honourable senator opposite me (Hon. Mr. Casgrain) is wrong.

Hon. Mr. DANDURAND: Under those conditions I do not think we should treat the shareholders of the Canadian National Railways—the people of Canada—differently from the manner in which the Canadian Pacific Railway Company and all other companies that have had to adjust their finances, treat their shareholders in respect of the information contained in their balance sheets. We should content ourselves with what appears in the Bill. I direct my honourable friend's attention to page 14A of the Bill, where he will find appendix No. 5, headed: "Canadian National Railways System. Consolidated Balance Sheet at December 31, 1936—Proposed Revision." And then the words, "After Adjustment." If my honourable friend (Hon. Mr. Beaubien) will accept my suggestion, I shall be glad to add a footnote based on an amendment to clause 11. That clause reads as follows:

11. The accounts of the National Railway System shall be stated as of January first, nineteen hundred and thirty-seven, and thereafter, so as to show the proprietor's equity as defined by this Act.