

Mr. BENNETT: So far as I am concerned the matter is unimportant. Up to that point it is purely a matter of a choice between experts. Some men may use the words "stores," and that is the way presumably it is carried on the books of the enterprise; then when the annual statement is made, it is shown that the working capital is so much, which working capital is tied up in stores or otherwise, as the case may be. I am not concerned about your calling it working capital, but when you get down to the item, equity value of loans to Canadian National Railways, amount \$643,860,558.26, transferred to securities trust in exchange for 5,000,000 shares of no par value capital stock, \$270,037,437.88; and equity value of 1,000,000 shares of Canadian National Railway Company no par value stock received in exchange for Canadian Northern Railway Company stock, \$18,000,000, you are getting into a realm where it becomes necessary for you to repeal pro tanto the provisions of the consolidated audit act.

Mr. HOWE: It is simply a matter of re-valuing securities.

Mr. BENNETT: The point I am making is that you cannot revalue them so as to leave a true impression upon the public mind. If you say that the amount paid to the Canadian National Railways by the government of this country was only fifty cents when it was a dollar, no juggling or magic can change it from the dollar it was before. Why should we set at naught the provisions of the audit act and attempt to show that that dollar is not now equal to a dollar, that we will call it fifty cents or forty cents as the case may be? Who is hurt by calling it a dollar, if that is what it is? It really was a dollar because the people of Canada have had to pay a dollar for it. I can understand the question of interest, and I shall deal with that on another basis. I am now talking about the money the Canadian people have paid to the railway. Should we show this as it is, or should we show it as pieces of paper in securities corporation which is created by this statute? I think that is wholly wrong. Why is it being done? Why create a securities corporation? Why set at naught the provisions of a law which has stood the test of time? Why say that notwithstanding this we are going to do something else? Does it help the Minister of Finance or the credit of this country? It only makes it more serious and more difficult. People will say that up in Canada they are fixing up their accounts to make them appear to be different from what they are. No wizardry on the

[Mr. Dunning.]

part of the men who are instructing the minister can change the fact that we owe that money. That is number one. Number two, where did the money go? No wizardry on the part of the minister can change the fact that that money went to the railway. Does it confuse anyone to show that we borrowed and they received? Why should we say that what we borrowed is 600, what we paid is 600, but what we are going to show is only 270? I cannot make it any stronger or any weaker than by just stating the facts. For the sake of argument, let us say that over here the Canadian people borrowed 600; we are going to wipe it out and say that all these people owe is 270, and that is to be represented by pieces of paper in a securities corporation which is being created for that purpose. Is that fair to the Canadian taxpayer?

Mr. CAHAN: These figures represent millions.

Mr. BENNETT: Yes, I was using them just as an illustration. Is that quite fair to Canada? Is it not going to induce people to say: They thought they were passing a statute to cover up something, but they have not covered up anything? All we need to do is just go back and find out what Canada borrowed. There is the whole story. Then we find out what she did with it. She gave it to the railway. Where is it now?

An hon. MEMBER: Lost.

Mr. BENNETT: Oh no, not lost—it is just gone before.

Mr. DUNNING: I am afraid it has gone to "the undiscover'd country from whose bourn no traveller returns."

Mr. BENNETT: I do not take that view of it. Part of it represents deficits which went for wages, interest and various other things.

Mr. HOWE: Would the money paid out for deficits be properly capitalizable?

Mr. BENNETT: That is something which has to be considered in every reorganization plan. The minute you go into the hands of a receiver you stop paying interest on your bonded debt—it is a rule of law—and thereby save the money for the operation of the railway. The only reason that was given to me in opposition to the advocacy of a receivership of the properties was: "Oh, Mr. Bennett, you could not do that, because to do so would involve the credit of Canada, which has guaranteed the securities, and you