

assistance given to the National Railways. I ask again what I asked this morning. If we are considering the dangers of imprudent undertakings as of the past, can it be argued that the accounts of the Dominion have no weight, that there must be a duplication by way of liability on the books of the railway? And again I point out that these statements of the railway go to the large financial centres of Canada, Great Britain, and the United States. They go to stock exchanges and to financial institutions. They are widely distributed, not as part of the public accounts of Canada but as the accounts of the National Railways. I have nothing to say about the decision of the Railway Committee on this point; I simply say that such a decision as I have indicated was made there.

Hon. Mr. BLACK: Mr. Matthews, when I went over the Bill and the Minutes of the Committee's proceedings, I made below appendix No. 6 a note to the same effect as the point raised by Senator Meighen. I noted this suggestion: "Should not this appear as an appendix to the railway's balance sheet?" The balance sheet, after all, is supposed to show the standing of the railway. The moneys shown in appendix No. 6 are moneys that did go into the railway system. I cannot see how the railway would be prejudicially affected if an appendix, such as has been suggested were added to its accounts. If you wish, you could have a similar appendix to the public accounts as well. Personally, I could get information very much more readily if that appendix were attached to the annual statement of the railway.

Mr. MATTHEWS: I do not think, sir, that Senator Meighen's reference was to appendix No. 6. However, to answer your question, sir, may I say that in section 23 of the Bill there is a provision for rendering to Parliament annually a balance sheet or the Securities Trust. Now all of the information that would be shown in the balance sheet of the Securities Trust would also be included in this complete statement of costs in the public accounts of Canada. Section 23 was put in so that Parliament would be able to see from year to year just what the trustees had done in respect of any of the claims either for moneys advanced on principal or deficits or for interest accrued thereon.

Right Hon. Mr. MEIGHEN: Mr. Matthews, under section 23 the trustees of the Securities Trust would not even have to have a list of what the National Railways owe them. There would be no need of that.

Mr. MATTHEWS: That balance sheet would in a sense, Senator Meighen, perpetuate the claims for deficits and accrued interest that are being written out of the consolidated balance sheet.

Right Hon. Mr. MEIGHEN: The balance sheet does not perpetuate the liabilities. But under section 23 the trustees of your Securities Trust can issue a balance sheet that does not contain even a list of what the railways owe them.

Mr. MATTHEWS: The insertion of that section 23 in the Bill was, as I understand it, not for any purpose of acquainting anyone with what the railways have cost, but in order to keep Parliament advised with respect to any of the private claims.

Right Hon. Mr. MEIGHEN: The trustees of this Securities Trust cannot sell those assets. What on earth can they do with them?

Mr. MATTHEWS: Senator Meighen, in the present involved capital structure of the Canadian National Railways—I am speaking now of the structure of the funded debt—there are, as you know, a great number of issues held between companies of the system where there are underlying mortgages, and partly held by the public. In the course of the next few years it is hoped that an amalgamation of a number of these companies will be made practicable. Under the present circumstances progress in that direction is greatly retarded because of the fact that past legislation has made it so that the Department of Finance is not able to release claims and securities between companies within the system that make amalgamation possible. The trustees of the Securities Trust, with the approval