

not deductible from the gross debt but included in the net debt of Canada. This is why I say that in arriving at any fair statement of our position we are bound to treat all of these as non-active assets—until the day comes, as I hope it will, when the returns of the Railways will be such as to turn those non-active assets into active assets and pay us our interest, or part of it, upon those amounts. Then it will be just to deduct them from our gross debt and therefore not include them in our net debt. But until such a day comes, it is neither the practice of governments which have gone before nor should it be a practice to-day to treat them as real assets in the sense of active assets deductible from the gross debt of Canada.

The hon. member for North Waterloo (Mr. Euler)—and I was really surprised to hear him say so, though he put it in a pretty cautious form, said: "I think there is a surplus. I do not claim that it means a deduction from the debt, but it is a surplus on the year's operations, because when money goes into capital out of which later on our earning power will be better, it should not be charged against the year's operations." But the surplus the minister was endeavouring to prove was a surplus over capital and everything else. And besides, in the handling of the books of the country, as the minister well knows and every one of us well knows, moneys put into capital are, by the millions every year, taken from ordinary expenditure and charged against the year's operations, and in this country as in others it is right that it should be so. How, after this, are we ever going to compare any year fairly and intelligently with any previous year? "Debt reduced" appears on the records—\$30,400,000. Well, add \$72,500,000 and you have the debt increased by \$42,000,000 the year just passed. Does the minister say we should not add the 22½ millions which went into equipment? If he will look at the year before he will find that the Minister of Finance (Mr. Fielding) advanced in cash out of the treasury for equipment and added it to the debt. If he will look at the year previous he will find that the minister advanced in cash again for equipment, and if he will look at the year previous to that again, our year, he will find that we advanced \$14,000,000 odd for equipment—all certainly going into realizable assets, but going into a concern which could not pay its way, could not pay interest; therefore our obligation in respect of it should have been and was added to our net debt.

Hon. members one after another rise in their places, pat themselves and say: "Thank heaven we are past the day of deficits. Thirty

millions of a surplus, and we are going to reduce our taxation because of that surplus." Well, may I ask why the minister did not endorse the bonds of the company for the 25½ millions also instead of advancing the money. Then we would have had a surplus of \$55,000,000—and imagine the glee of hon. members. No sooner had the Acting Minister of Finance delivered his speech than the hon. member for Last Mountain (Mr. Johnston) rose and declared that it was a great encouragement to the taxpayers of Canada that at last we had a surplus. With what wonderful acclaim would he have given utterance to his feelings had the surplus been \$55,000,000! There is something else the minister could do which would be just as logical as what he has done. Why could he not incorporate a company and call it "Liberal Government Incorporated?" The country could own all the stock, and then every year instead of borrowing money or using our revenue to pay our debts, just endorse the bonds of that company; he could take care of our annual expenditure in that way and we would thus "reduce" our national debt by the entire revenue, \$300,000,000 to \$400,000,000 every year. This is the process which the Acting Minister has started. Where is he going to stop? The debt of this country to-day should be marked up in the books as increased by \$42,000,000.

The minister says, and he says with more show of right than in respect of his other contentions: We have some \$15,000,000 of the last \$50,000,000, the proceeds of our last endorsement, in the treasury, and this should be set off. Well, in one way it should, but to compare with other years, it should not, and for the simple reason that in other years when the money was advanced for this purpose there was also an unexpended sum. Following the practices of other years, which should be done to make our book-keeping clear and in sequence, this cash should not be deducted either, and I venture to say that next year the minister will not take this \$15,000,000 and say: This was advanced or guaranteed in the year 1924-25, and not in the year 1923-24. No, by the method previously adopted—the right method—our debt now has been increased by \$42,000,000, a little more than the increase of the year before. Mr. Fielding advanced \$98,250,000 and this government in reality advanced or guaranteed to the National Railways \$97,000,000 and a fraction, practically the same as was advanced the year before.