

The Budget—Mr. Ryckman

reading the whole of it—reductions in the net debt with the exceptions which they have specified.

Mr. ROBB: Will my hon. friend permit me? He wants to be fair.

Mr. RYCKMAN: Certainly.

Mr. ROBB: The auditors certify surpluses for each year. More than that these gentlemen—who are the auditors for the province of Nova Scotia, the province of New Brunswick, the Royal Bank of Canada, and the Sun Life Assurance Company of Canada—tell me that our books are kept in exactly the same form as the books of the provinces including the province of Ontario. The last named province owns a railway system and a hydro-electric system and has the same form of book-keeping as the federal authorities.

Mr. RYCKMAN: That, certainly, has nothing to do with the actual debt of this country, and which it and no one else will be called upon to pay.

Mr. ROBB: The province of Ontario is following the same system of book-keeping.

Mr. RYCKMAN: The system in force here is the system that wrecked the Home Bank; it was just the same system of financing exactly. We found the general manager of the Home Bank doing what? Keeping two sets of accounts, not taking into account his liabilities, but taking all the assets that he could find, and then, with the liabilities not all accounted for, claiming that the bank was solvent. He even fooled the Minister of Finance because the bank was not shown up when it should have been. I say, Mr. Speaker, that in principle and in dealing there is no distinction between the handling of the Home Bank affairs by Mason and the handling of these accounts by the Finance minister if he claims there has been a net reduction in the national debt of Canada of \$105,000,000. Why even the Minister of Finance was not astute enough to put his two inconsistent positions far enough apart in his budget speech. Take what we find at page 508 of Hansard:

Surplus, \$54,815,000.

Then at page 509:

Guaranteed Securities
Canadian National Railways

Financial requirements of the Canadian National Railways were met by an issue of \$65,000,000 $4\frac{1}{2}$ per cent 30-year bonds, dated July 1, 1927, guaranteed by the Dominion of Canada.

This is a little more than \$10,000,000 larger than the alleged surplus. What was this sum [Mr. Ryckman.]

of \$65,000,000 for? For refunding and paying \$20,000,000 that the Canadian National Railways could not pay. The next item is \$15,000,000 for the funding of a temporary loan for which the Canadian National were liable and could not pay. Then there is \$16,600,000 to provide for expenditures authorized in the railway appropriation for 1927-28 for general additions and betterments and miscellaneous maturing obligations as provided for by vote 408, Appropriation Act, 1926-27—"Loans to Canadian National Railway Company." This is again a sum which the Canadian National Railways could not pay, and so on. Therefore we see that more than this alleged surplus is used on the very next page of his speech as it appears in Hansard. Everyone knows that if you guarantee a primary debtor who is no good, who, you know, is no good, who can never pay, and who, you know, can never be expected to pay, you have to pay the debt yourself. That is the situation of this country and that situation should be frankly laid before the people. It is wholly idle and misleading and it should be condemned when one sets up that, during the period named by the Minister of Finance, we had a net reduction of the sum alleged.

In that clause of the certificate of P. S. Ross & Sons you can insert the words "Home Bank" instead of "Dominion", and you will find a certificate which will absolutely justify everything that that Home Bank did. Why, that certificate just points to a sinkhole in which you could deposit every bad debt in a financial institution. Instead of the certificate reading: We have examined the accounts and we certify that they exhibit a true and correct view of the country's affairs, it states: Here is a sinkhole, let rubbish of all kinds be deposited here, and you can do this under the certificate of the accountants. It occurs to me to ask: Was there any correspondence with the accountants about the certificate and its form? Was this second paragraph of the certificate discussed by them with the Minister of Finance? Did the Minister of Finance take this qualifying clause, which really destroys the effect of the certificate, and accept the certificate as satisfactory to the government and the people of Canada?

Mr. ROBB: Does my hon. friend desire an immediate answer?

Mr. RYCKMAN: Yes, otherwise I would not have asked the question.

Mr. ROBB: The question is very fair. The firm of P. S. Ross & Sons are too well known and of too high a type to be influenced by any person in giving their certificate.