

March. In addition, the Acting Minister of Finance reported that he had made an adjustment with the British government and a transfer of some accounts which this year netted him \$9,622,760.37. This is simply found money. This really was our money five or seven years ago just as it is to-day. Seven years ago it could not be taken into consolidated revenue because most of it was not adjusted, the rest in trust account. This they found as it were by the roadside, but the year before they found \$8,199,000 in exactly the same way. So the improvement in this regard was \$1,423,000. This improvement added to the improvement in ordinary revenue aggregated \$3,206,000.

Now coming to the other side: Taking total expenditures, they are of four classes: Ordinary expenditure, capital expenditure, special expenditure, and fourthly such as is required for our National Railways, including Merchant Marine. In capital expenditure the year's business showed \$3,489,000 more spent than the year before; in ordinary expenditure an improvement of \$1,046,000; in special expenditure, an improvement of \$107,000; total improvement \$1,154,000. This taken from the unfavourable showing on capital left a net increase in expenditure in those three classes of \$2,335,000. Taking, therefore, all revenue of every kind, found money and all the rest, the improvement over the year before was \$3,206,000, and all expenditures save railways make a showing worse than the year before by \$2,335,000. So the net improvement is \$870,000. This is the net of the year's business outside of railways; \$870,000 better than the year before. The year before we had an increase of debt of \$31,641,000, and this year the Acting Minister of Finance says that we have paid off \$30,409,000 of our debt or an improvement for the year of \$62,050,000. The only way to account for it therefore would be to find that our railways took less money to the extent of \$61,179,000. Now, can the members of the government look me in the face and say that the railway position improved by \$61,000,000? Do they suggest such a thing? How then do they tell the country that we are \$62,000,000 better off than we were the year before on the year's showing? The fact is they have misled and deceived the country, and the government knows it.

Mr. MACKENZIE KING: I take direct issue with that statement of my hon. friend.

Mr. MEIGHEN: Well, I will establish it. I come now to the money required for railways. The most we ever heard claimed, even in the press, as the improvement of this year over last, I mean 1923 over 1922, was in some issues \$18,000,000 odd, in others, up to \$20,000,000—a long way from \$61,000,000. But

I have had opportunity to examine the returns of the National Railways, and those I propose to give to the House to show just what the railway improvement was, to show how near it approached \$61,000,000, which sum it must have reached if the presentation of this year is right and honest comparable with last year and previous years. There was no improvement even of \$20,000,000 as the figures taken directly from the railways own returns will show.

In getting at the real comparison the following three classes, making up among them the total operating results, appear in the returns: (1) Operating income; (2) Non-operating income; (3) Deductions from income. The following is a comparative statement of the results in each case:

1. Operating income—1922, loss of \$1,227,508.34; 1923, profit of \$16,273,238.81; showing improvement for 1923, of \$17,500,747.15.

2. Non-operating income—including rentals received for cars from other roads, rentals of joint terminals, premises, etc., 1922, \$10,055,367.83; 1923, \$7,885,081.48; showing decrease for 1923, of \$2,170,286.35.

3. Deductions from income—including rentals paid for cars, rebates for joint terminals, premises and other items, 1922, \$7,387,481.13; 1923, \$10,656,671.28; showing greater payments out for 1923, of \$3,269,190.15.

These three results taken together, therefore, show operating improvement for 1923, to have been only, \$12,061,270.68.

I have left out all reference to fixed charges. I am simply taking the operation, and the net improvement on operation is \$12,061,270.68 for 1923, by the railway directorates own showing, by their official returns.

There is, however, still a fourth factor to be taken into account, viz.: the fixed charges for 1923 as against the fixed charges for 1922. The figures for these items are as follows: Fixed charges, 1923, \$65,199,323.95; fixed charges, 1922, \$59,400,476.11; showing fixed charges for 1923 greater by \$5,798,847.84.

Deducting, therefore fixed charges—which I admit a government does not have to advance all in cash, because it is mostly owing the government itself—from improvement in total operating revenues, we find a net improvement of only \$6,262,422.84. I am ready to leave out fixed charges, ready to leave out the increase of \$5,798,847.84 the year before, and the most they can possibly show is \$12,061,270.68. How then does the minister come and say that on account of the railways, and only \$870,000 on all other accounts, we are \$62,000,000 better off on the past years showing than we were the year before?

The matter can be presented in another way. For the fiscal years 1922-23, Mr. Fielding, as Finance Minister, advanced out of the national treasury to the National Railways and Marine, \$98,250,720. For the fiscal year 1923-24, there has been advanced out of the treasury for the same purpose only, \$25,281,664. The difference is, \$72,969,056. Mr. Fielding advanced moneys from the treasury for the purposes of covering deficits on operation, fixed charges, and new capital investments, including equipment. For 1923-24 the device was adopted of guaranteeing the railway bonds both for equipment and those other purposes to the extent of, in the case of equipment, \$22,500,000, for other purposes, \$50,000,000, or a total of, \$72,500,000, practically the difference between the cash advances of the past year and that of the year before.

It will be seen at a glance that to compare this year with last, or indeed with any previous year, the whole \$72,500,000 must be added to the capital debt of Canada.

The result is this. That the national debt of Canada for 1923, has been increased by the sum of, \$72,500,000 (the guarantees), less the sum of, \$30,409,109.37 (alleged surplus). The net result, therefore, is an increase for 1923-24 of, \$42,090,890.63.

Now, how was this done? The railway is our corporation; it is another name, a chartered name for the Dominion of Canada. The minister endorses the notes of our corporation for \$72,500,000; then he says that those \$72,500,000 are bonds which we have endorsed inasmuch as we just put our name on the back instead of on the front and therefore we have not affected the debt of Canada. And the Prime Minister says: We are not deceiving the country when we tell them we have reduced the debt. The Minister of Railways (Mr. Graham) arises and says: "Oh, you endorsed the notes of the railway too, and did not add the amount to the national debt." Yes, there are bonds you can endorse and even moneys you can advance without any need of adding to the debt. For example, if you endorse bonds to pay off other bonds, that does not add to the debt of our company and need not be added to our debt, or if in a given period you endorse bonds to no greater amount than you actually reduce the funded debt of our company by, then certainly you do not need to add to our debt. But the moment you endorse bonds and make this country liable for an amount greater than you reduce the funded debt of the company by, then it

is no less than misrepresentation not to add the amount to the public debt of Canada.

Mr. MACKENZIE KING: Does my right hon. friend say that with respect to the bonds which his government endorsed, part of the money was not used to pay off deficits, to pay interest or sinking fund?

Mr. MEIGHEN: I will give the answer immediately, and I hope the Prime Minister will follow me. The facts are here in a return which I have from the department, and they go back to the origin of the National Railways—because no argument applies before that time. The National Railways are ours; their debts, their obligations if we make ourselves responsible, are ours. We endorsed bonds to the extent of \$100,000,000, \$25,000,000, in each of the years 1920 and 1921 for each of the systems, the Canadian Northern, or the National as it was then called, and the Grand Trunk. Of all the bonds advanced to the Canadian Northern the whole amount was for refunding, while of the advances to the Grand Trunk some 12½ million out of one and about 2½ millions out of the other—I have the exact figures—were used for general purposes. But we actually advanced in cash, which was represented in the debt, more than twice that sum, which was applied to the refunding of the debt of the Grand Trunk and the Grand Trunk Pacific. In a word, the aggregate of the amount we endorsed which does not appear in the national debt of Canada was less by about \$15,000,000 than the amount that was actually applied for refunding. This is the record of the late government. Is this money, may I ask, the \$50,000,000, to be used for refunding, this \$50,000,000 which was endorsed in February? Will the hon. minister say so? He told the House in his budget speech it was for capital. Certainly the endorsement of last year, 22½ million for equipment, was not for refunding. The whole \$50,000,000, on the minister's statement, and the whole 22½ million as well, should in justice be added to the debt of Canada to-day.

It was suggested by the Minister of Railways: "Oh we should not add it to the debt because it is going into capital." Some of it doubtless is; all of it is not. I do not know whether a large proportion is, but I do not care if every dollar of it is; it should on a fair presentation go into the national debt of Canada. I do not want to be misunderstood; I am not necessarily objecting to the endorsement of the bonds. I think generally it is better to advance the cash, but this is not the point I am pressing. The point I am pressing is as to what

MEIGHEN PAPERS, Series B (H.C. 26, I, Volume 11c)

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