

submitted by the auditors themselves, which also is a document of very considerable proportions. We had I think only three meetings of that committee. I do not know why that committee was not called together before it was. I am not casting any reflections, but I do not know why we did not have that opportunity. The fact remains that that committee had the opportunity for only three meetings. I say it is utterly impossible to examine and discuss the two reports that were submitted to that committee for consideration. In the auditors' report there was one recommendation which I regard as important, and in that respect I must disagree with the minister. The part of the report I regard as important is the one that refers to the writing down of the capitalization of the railways.

For a good many years in this house and outside of it it has been urged that something should be done to place the capitalization of the national railways on a fair basis, a basis such as would make it impossible for the enemies of the publicly owned Canadian National railway system to misrepresent the position of the railways. I have myself urged it from time to time, perhaps half a dozen times in the last ten years. But it was never done. The minister says that Sir Henry Thornton made a certain suggestion to the late government. That may be so, but my impression is decidedly this, that no really definite or concrete suggestion was ever made for the writing down of the capitalization of the national railways.

Mr. MANION: My hon. friend is entirely wrong about that and I correct him in order to keep the issue straight. I have it in my office.

Mr. EULER: If I am wrong I am ready to admit it, but my impression is, and I had a fairly close association with him as far as the national railways were concerned, that they were never quite ready to do it; and one of the reasons was that it was extremely difficult to accomplish such a writing down because of the fact that the Canadian National Railways consisted of an aggregation of something like one hundred joint stock companies, with all their various bond issues and matters of that kind. It should have been done long ago, but we had always thought that it was a very difficult thing to do; and therefore it came as a matter of surprise and satisfaction to me in the committee last year when the auditors, Messrs. Touche & Company, made a very simple suggestion which would have dealt with the question in what I regard as a very

reasonable way. And that is why I bring it up to-day I bring it up now for this reason. I think that the auditors should be retained for at least another year because they are thoroughly familiar with their own recommendations and since we could not discuss it last year in the committee and bring the recommendations before parliament, we should have an opportunity during this session to discuss the whole matter in an intelligent way; and we should be materially assisted in that regard if the auditors who made the suggestion were permitted to be present at that gathering rather than an entirely strange body of auditors who perhaps might not be in sympathy with the suggestion.

I wish to discuss the recommendations made, and I should like to discuss the matter of removing from the public mind some misapprehensions. That is what the auditors desire to do. The debt of the railways to the government is given in the auditors' report—I am using round figures—at \$1,771,000,000. That is to say, that sum is carried on the books of the railway as the debt to the federal government. And here is the strange situation disclosed in last year's meeting of the committee, that while the railways carry this liability to the federal government on their books the federal government does not carry it as an asset on the federal books. I had on the order paper a few weeks ago a question as to how much of the debt owing by the railways to the government was already included in the federal national debt, and the reply came, as given by the Minister of Railways, that practically the whole of the debt of the railways to the government itself was already absorbed into the national debt. That national debt, in round figures, is \$2,770,000,000, and the debt of the railways to the government is \$1,770,000,000. Now if the whole of that liability by the railways to the government is absorbed into the national debt, then certainly those are wrong who take the whole debt of the railways to the government amounting to \$1,770,000,000 and \$1,250,000,000 to the public by way of bonds and add it to the \$2,770,000,000 of Canadian government debt. In that way they add the two together, making the debt of the Canadian people, through the government itself and through the railways, approximately \$5,500,000,000. In other words, they are adding to the amount that has already been absorbed into the national debt, given by the minister as \$1,500,000,000, putting it in twice and exaggerating the debt of the Canadian people in the two ways, through the government itself and through the railways, by about \$1,500,000,000.