

should not be a distortion of the history, a blotting out of the record, in order that we may feel better and delude ourselves into the belief that we are living in a paradise. Such is apparently the effect of the Bill in many of its features. I do not oppose the measure; I think part of what is proposed ought to be done; but I do not want the Bill to go so far that it destroys the purpose of historical balance sheets, particularly as I know it would invite a repetition of the practices which in the main account for the disastrous position disclosed by the balance sheet to-day.

Hon. Mr. DANDURAND: If no other honourable senator desires to speak, I will proceed. I do not believe that my right honourable friend's argument is unanswerable. In his concluding words he touched upon a matter which, in theory, might be discussed from more than one angle. He fears that if we reset—I apologize for using the expression, because my right honourable friend thought it was not quite good English—he fears that if we reset the balance sheet of the Canadian National and so give the people of Canada a better impression of what has really gone into the railway—

Hon. Mr. LYNCH-STAUNTON: A false impression, the honourable gentleman means.

Hon. Mr. DANDURAND:—they, through their Government, may in the years to come revel in a spending debauch. Well, my right honourable friend knows that in the last fifty years large and important railway systems in the United States have fallen into the hands of receivers. Those railway companies were private corporations. And the component railway systems of the Canadian National were private corporations before we inherited them. Those bankrupt American railways were taken over, and the new shareholders raised fresh capital and rehabilitated them. I wonder whether the original shareholders or their children now feel very much concerned over the difficult situation which those railways encountered fifty years ago.

Instead of allowing the Grand Trunk, the Canadian Northern and the other railways now consolidated in the National system to go into liquidation, so that they might be rehabilitated with new capital—

Right Hon. Mr. MEIGHEN: Where would the capital come from?

Hon. Mr. DANDURAND: You could always have found purchasers for those railways at a figure. Instead, we stepped in and took them over.

Right Hon. Mr. MEIGHEN.

Hon. Mr. LYNCH-STAUNTON: Will the honourable gentleman allow me? The present case is not at all the same as the one he is setting up. The receiver would recapitalize, and would start the bankrupt company on a new capital liability. This Bill is not intended to deal with what took place before we bought the various railways now forming the National system. Its purpose is to deal with and, it seems to me, conceal the money we have put into the system since we acquired it.

Hon. Mr. DANDURAND: My answer is that instead of liquidating that situation we took over the various railways. I know my right honourable friend would tell me that the reason why we did not allow those railways to go into the hands of a receiver was that we were at war, and had we done so the national credit would have been severely shaken. That was the reason given to this Chamber when we were confronted with the necessity of voting for or against the purchase of the system.

Right Hon. Mr. MEIGHEN: Which system is the honourable gentleman speaking of?

Hon. Mr. DANDURAND: I am speaking of the Grand Trunk.

Right Hon. Mr. MEIGHEN: No; the War had been over for years.

Hon. Mr. DANDURAND: Yes, but we had taken over the Canadian Northern.

Right Hon. Mr. MEIGHEN: It could not have been operated if we had not taken it over.

Hon. Mr. DANDURAND: But we lent \$40,000,000 to the Canadian Northern.

Right Hon. Mr. MEIGHEN: That was before the War; in March, 1914.

Hon. Mr. DANDURAND: But we were then passing through a financial crisis. I need not deal with that phase. I simply say that, instead of allowing those railways to go into bankruptcy, we stepped in, took the shares and became owners. We have passed through several difficult years. The administration of the National Railways may have been costly, but it has not been much more so than the administration of the Canadian Pacific. Each system was extravagant in fighting and trying to out rival the other. We spent money largely to rehabilitate the Canadian National Railway System and put it on a first-class footing. We have had yearly deficits running from \$100,000,000 down to \$45,000,000 or \$47,000,000. I think one year the system met its operating expenses and paid interest on the debt due the public.