

it could only come from the auditors. However I do not wish to prejudge them. As far as the Touche company is concerned as auditors of the Canadian National Railways in the past they have I think given satisfactory service in every way, but the government is of the opinion at the present time that nothing but benefit can result to the Canadian National Railways and the people of this country and indeed to members of this house by taking on another outstandingly able auditing company of Canada to deal with this question.

Mr. EULER: Mr. Chairman, in what I have to say I desire to assure the committee that I have no brief for the Touche company. I have had no communication with them since the proposal has been made to replace them by another firm, nor have I any prejudice against the firm which it is proposed to appoint, although I must say that they have been in receipt of large fees from this government and previous governments and have done a great deal of government work. I was glad to hear the minister say that the Touche company are not being dismissed, if I might use the word, because of the fact that they made certain recommendations with regard to the writing down of the capitalization of the Canadian National Railways. I should not like to believe that the government would do that.

I must also say, with all respect to the minister, that the reasons which have been given by him do not appear to me to be quite adequate. His chief reason for changing the auditors is that the government is acting as they would act in the case of auditors of banks who are required to be changed every two years. In the first place, if that is the government's conviction it seems rather strange that they waited for four years until they made such a change. There is also some distinction between banks and the Canadian National Railways. The Canadian banks are the custodians of the moneys of the people of Canada, in charge of trust funds, and it is especially desirable that they be safeguarded in every way, perhaps by the appointment of new auditors from time to time. But the same conditions do not entirely obtain in regard to the Canadian National Railways.

It was only last year that the Minister of Railways stated in connection with a possible change of auditors—he will correct me if I am wrong—that it was rather an undesirable thing to do because it took some considerable time, I think he said some months, for new auditors to familiarize themselves with the

[Mr. Manion.]

method of keeping the accounts of the Canadian National Railways, and I thought that was a very good argument.

Mr. MANION: I will answer that at the moment or afterwards, as my hon. friend desires.

Mr. EULER: If a firm of auditors is capable, and I think the Prime Minister has admitted that this firm is capable, and the minister said it again to-day, there should be some very special reason before you subject them to the indignity, shall I say, or disgrace or loss of prestige which must of necessity come to them by reason of the fact that they are relieved of duties which they have carried on satisfactorily for a period of eighteen years.

Mr. BENNETT: My hon. friend is mistaken. Their term of office expired on December 31, 1934.

Mr. EULER: The right hon. gentleman means to say that the appointment is made from year to year. I know that just as well as he does, but there is no getting away from this fact, that when a firm has been kept in the employ of the government or any other employer for a long, long period of years, and then suddenly a change is made, that in effect means dismissal; at least, it appears to the public and certainly to the firm themselves as a matter of dismissal.

Mr. BENNETT: They were only kept by the government one year. The company itself appointed them previously.

Mr. EULER: I let that go because it is not the chief argument I desire to make.

Since the affairs of the Canadian National Railways are each year referred to the committee on railways and shipping, it might not have been out of place to submit a matter of this kind for discussion to that committee, but that was not done.

The chief reason why I would say the time is inopportune for a change of auditors lies in the very report which is being discussed by the Minister of Railways this afternoon. The committee last year had no opportunity, or practically none, to discuss that report. The minister said a few moments ago that that report was discussed, but I will leave it to every member of that committee, whether he sits on that side of the house or on this side, whether we did in effect have any real opportunity to discuss either of these reports, the financial report of the board of trustees, which is a voluminous document, or the report