

Section 22 of the Bill says this Securities Trust shall be one of the companies comprised in the National Railways System. This means that the accounts of the trust will be consolidated with those of the railway. Here are two subsidiaries of the Dominion of Canada: one, the Securities Trust; the other, the Canadian National Railways. The accounts of these two subsidiaries are to be consolidated. Who ever heard of a thing like that? It is all right to consolidate accounts of one subsidiary or a dozen subsidiaries of a parent company, but the proposal here is to consolidate accounts of two subsidiaries of the Government of Canada, neither of which owns any of the other's assets. Do honourable members know why these accounts are to be consolidated? The reason is that this is the only way in which the amount can be wiped out. The priorities would be retained just the same if the obligations were held in the name of the Minister.

Hon. Mr. DANDURAND: My right honourable friend will agree that the amount of money advanced for deficits, plus the pyramided interest, amounting in all to between seven and eight hundred million dollars, should not be a burden of debt upon the Canadian National.

Right Hon. Mr. MEIGHEN: I do not agree to that at all.

Hon. Mr. DANDURAND: I think most of the authorities I have cited agree that deficits which are met by the Government, together with accumulated interest, should not appear as a debt of the Canadian National. As it is important to have them remain as a prior claim, they must appear somewhere. That is why the Securities Trust has been devised.

Right Hon. Mr. MEIGHEN: What is to be gained by relieving the Canadian National Railways of an honest debt for money which it received?

Hon. Mr. DANDURAND: The debtor and the creditor are one and the same party.

Right Hon. Mr. MEIGHEN: There is the kernel of the whole matter. That the debtor and the creditor are one and the same party is no reason for doing it at all. We have a subsidiary, the Canadian National Railway Company. We own all its stock. It is important that the people of this country should know just how that entity is getting on, and they will never know if you provide that its balance sheet shall not show debts because those debts are already enormous. You are

simply providing in advance that the people shall not understand the operation of the National Railways from the balance sheet.

Hon. Mr. DANDURAND: Does my right honourable friend really think this adjustment will prevent the people from knowing how the National Railway System is operating?

Right Hon. Mr. MEIGHEN: You do not add a cent to nor take a cent out of the system's treasury, but you alter the appearance of its financial results, and you deal with them in such a way as to fail to disclose the facts. The money went into the system. What reason can be given for keeping that obligation out of the books of the Canadian National Railway Company? Simply that, as we have had to borrow the money, the obligation appears in our books. The only purpose of the Canadian National balance sheet is to show the system's position on a basis of reality. Wipe out any fictitious values there, for they are not a fair, true presentation, but do not wipe out real capital, nor interest on it. You are wiping out \$495,000,000. How, after this, can anybody know the actual result of the last fifteen years' operation of the National Railways? He cannot from the balance sheet if the proposed adjustments become effective.

I have a very earnest interest in this whole subject. I am not going into the history of the system, but honourable members on all sides know there have been periods of the grossest extravagance in management. I know the system was handicapped by taking over unnecessary roads, and I do not intend to discuss responsibility for their acquisition. But we had several years of revelling in railway operations, which resulted in an addition to the system's debt at a rate averaging \$100,000,000 a year. Now, if you adjust the balance sheet so as not to disclose the consequences of that debauch, you are going to invite another period of extravagance.

Hon. Mr. LYNCH-STANTON: That is right.

Right Hon. Mr. MEIGHEN: That will be the tendency, no matter what Government is in office. It is all very well for people to say: "That money is gone. What is the use of keeping it in the books?" I know it is gone.

Hon. Mr. DANDURAND: And will never come back.

Right Hon. Mr. MEIGHEN: It cannot come back. But I see value in keeping it in the books. I think a history should be a history, a record should be a record. There