

has changed. This Bill seeks to record that change on the balance sheet of the National Railways, because to-day the position of the National Railways in the treatment of these liabilities as liabilities—treating the Dominion of Canada as a creditor—is just what it would have been in the days prior to the acquisition of control of the properties. Now there has been a change.

Hon. Mr. CALDER: I can understand that in so far as certain liabilities are concerned. Take, for example, those worthless stocks. They might as well disappear. But if Parliament last year voted \$20,000,000 to take care of a deficit, is it asked now that that should disappear from the balance sheet?

Right Hon. Mr. MEIGHEN: Oh, yes.

Hon. Mr. DANDURAND: It has disappeared.

Mr. MATTHEWS: Under the legislation since 1927 in respect of the Maritime Freight Rates and deficits on the Eastern lines, and since 1933 in respect of the deficits on the National Railways proper, the deficits annually have been shown in total in the annual profit and loss account, and have been shown as a deduction indicating the contribution by the Government, because the legislation voted the money in the form of a contribution, not a loan or advance. If you look at any of the financing legislation since 1933 you will find, first, that the borrowing powers of the company are restricted to capital expenditures and debt refunding. In the appropriation acts themselves it is provided that the amount of money advanced for deficits—or the deficits, when determined—shall be applied against the accountable advances during the year. This makes it very clear that Parliament, since 1927 on the Eastern lines and since 1933 on the National system proper, has contributed these moneys in the form of a shareholder's contribution in exactly the same way that the Interstate Commerce Commission provides for incorporate treatment. Where one railway makes a contribution to another it has to show as a contribution, but not as a liability.

Right Hon. Mr. MEIGHEN: This converts all our contributions by way of loans into the same position they would be in if they had been subsidies. We become the proprietors and have a fresh slate to make more losses.

Hon. Mr. CALDER: There is just one other point. Personally I cannot see any reason why the appendix we are referring to should not be put in as an appendix to the C.N.R. balance sheet. Would you state again, briefly, the objection to that?

Mr. MATTHEWS: Yes, sir, I should be glad to.

Hon. Mr. CALDER: You get your balance sheet, which gives a picture of the realities of to-day.

Mr. MATTHEWS: Yes, sir.

Right Hon. Mr. MEIGHEN: As changed by this Bill.

Hon. Mr. CALDER: In addition to that, as an appendix to the balance sheet, not part of it, what is the objection?

Mr. MATTHEWS: Again we are only expressing our opinion and are not wishing to force our views on the Committee at all. Our view is that the balance sheet of the National Railways, distributed as it is to the financial centres—

Hon. Mr. CALDER: They want to get their money as cheaply as they can and do not want that picture to go out?

Mr. MATTHEWS: That is the statement of conditions. For the same reason you would not attach to the statement of the company you had reorganized a list of all its past arrears, you would endeavour to give the bankers a statement of the situation as it prevails to-day.

Right Hon. Mr. MEIGHEN: That is true, but you have another situation when you have a public who, on that balance sheet, are going to decide how we will handle these railways in future. You simply draw a merciful curtain