

at some length. I hold in my hand a copy of the proceedings of the committee for Wednesday, June 29, 1934, containing the report to the house. In some meetings of the committee we discussed fully the question of recapitalization, as suggested to us by Touche and Company, and a member of the committee—I am not sure whether it was the hon. member for North Waterloo, or some other member—suggested that Touche and Company elaborate their ideas. They did not bring in their report before the sittings of the committee were completed. The sittings at which evidence was taken, ended on June 20, and no elaboration of the report had been given.

In some sections of the press much has been made of the fact that we seem to have been concealing this second report. As a matter of fact the report came after the active sittings of the committee had ended. There was a copy in my deputy's office which, quite frankly, I had never seen until recently. By some misunderstanding it was not sent to my office, or must have been mislaid somewhere between the office of the deputy and my office. But that does not matter. The hon. member for North Waterloo, I think it was, suggested that supplementary report be tabled. It was then that I knew there was a supplementary report. I looked into the matter and I had the Touche Company written to and asked for copies of the supplementary report, and this morning the copies have come to hand and are ready for distribution. We got twenty-five copies. There were perhaps twenty-three members of the committee, but we asked for twenty-five copies and they will be distributed to the members of the committee, who I think have more claim upon them than has anybody else. I point this out to show that it was not our fault that the Touche Company did not bring in their supplementary report. It was merely an accident that it has not been tabled. There is nothing in it so far as I can see that does other than elaborate somewhat the report which was already before the committee last year.

It must be pointed out as well that the Duff commission report, upon which the legislation of 1933 was based, suggested the appointment not only of trustees but of auditors, as I read from the act only a few moments ago. The commission suggested that the trustees at the earliest convenient time look into the capitalization of the Canadian National Railways and make a report to this house. The trustees have not yet done so. It must be remembered, however, that the trustees were appointed only a little over a year ago and they took over an

immense job in the handling of the Canadian National Railways. The financial structure of the Canadian National Railways is a very complicated matter in itself, and I have heard many members of this house who have been here for a good many years make statements about the Canadian National Railways' financial structure both in recent years and before this government came into power which showed that although they had made a very close study of the question they had not comprehended all the facts in the Canadian National set up. The trustees when appointed were exactly in the same position. It is true that two of them had been directors previously. Mr. Fullerton had been chairman of the board of railway commissioners, but I presume that not one of the trustees had previously given thorough study to the question. At any rate they have not yet submitted to us any proposal to make a change in the capital structure of the Canadian National Railways so far as it affects the government.

It was not the auditors who were to make the report on that subject, although they did submit one. I found no fault when they made a report last year, but it was the auditors and not the trustees who made the report. I say that the Duff commission recommended, and so far as I am concerned I have been living within the rules set out in the Duff report, that the trustees give consideration as to the capital structure, but no suggestions have been made by that body.

I do not wish to deal with the matter any further at the present moment. I merely complete my few remarks by repeating that no reflection was implied upon George A. Touche and Company, in any shape or form, although I must say this, that since it has been announced in the House of Commons that there was going to be a change there has been a propaganda in regard to George A. Touche and Company and against the government for presuming to change what this parliament had a perfect right to change. I have been told that that propaganda was stirred up to a certain extent by the Touche company themselves, which I cannot believe, but if I did believe it I would think that we had waited altogether too long to remove the Touche company from their position. I hope that some evidence may come from the Touche company that they had no hand in the propaganda that has gone forth, although I must say that some of the material that has been used in the press and which has been discussed by some members of this house was material which looked to me as if