

Sir HENRY DRAYTON: Is that 1921?

Mr. MACKENZIE KING: Yes. I think this proves what I have just said, that my hon. friends opposite in presenting their statement to parliament did not place in the columns which relate to the public debt of this country the guarantees made to the railway companies. I would submit further that while my hon. friends opposite might well have included those guarantees as additions to the public debt, because the railroads at that time were in a state of bankruptcy, and what they were doing was to meet the bankrupt condition of the roads, since the present administration has come into office a change has taken place in the position of the national railways under the management of Sir Henry Thornton and his board of directors—a condition which justifies the government in feeling that these roads are entitled to have some guarantees given for what they need in the way of betterment and equipment without the amounts being added to the public debt.

There is reason to expect that with the business of the railroads progressing as it has progressed within the last year or two, it will be only a very short time before the National system will return dividends to the people of Canada. In 1921 there was a deficit on net operating expenses on the National system of \$11,848,000. In 1922 there was a surplus of \$2,886,711. In 1923 the net operating revenue was \$20,236,000. During the past twelve months, if we take the period for which we have a record now, up to February 1924, the net operating revenue amounted to \$23,768,000, and the president has stated that for the year 1924 he believes the net operating revenue will equal \$30,000,000, and that in two more years the system will cease to be a burden to the taxpayers. Now, that was justification, if justification were needed, for our not including as additions to the public debt such guarantees as these we have made.

May I add further that with respect to Dominion government accounts it has not been customary—not only during the last couple of years when hon. gentlemen opposite were in office, but running back for the last twenty-five years or more—to include as additions to the public debt guarantees of such a character. From 1896 to 1911 guarantees were made to the extent of \$124,000,000, not a cent of which was added to the public debt of the country. Between 1911 and 1921 guarantees were made to the extent of \$170,000,000, not one cent of which was added to the public debt. Why then

should this government ask the officers of the Department of Finance, in the preparation of statements for parliament, to change the method of bookkeeping and of presentation and give to parliament something entirely different from the methods adopted in previous years.

Mr. MANION: Were not the guarantees between 1896 and 1911 guarantees for private corporations where the corporations were paying the interest?

Mr. GRAHAM: And they did not pay.

Mr. MANION: They paid some.

Mr. MACKENZIE KING: In regard to these guaranteed railway loans I think it is a fact that not a dollar of the money raised was placed in the federal treasury; there was a trust account made out to the railroad. That account is kept entirely separate from the government accounts and has always been kept in that way. Hon. gentlemen opposite have spoken about refunding, and I think the leader of the opposition said yesterday that "there was refunding and refunding." Well, if hon. members had time to go over the transactions they would find that a good deal of the refunding which my right hon. friend did in his day was to meet temporary loans that had been issued in order to meet deficits of the railway which was in a bankrupt state. That kind of refunding I think ought to find a place in the additions to the public debt. But every dollar which the railways have had of the money which has been issued under the guarantees of the present government has gone into construction and equipment to make these roads better revenue payers than they are at the present time. So we say, Mr. Speaker, that our accounts have been made up in a regular and proper manner.

More than that, not only does the federal government follow this method, but the provincial governments do not include in their additions to the public debt like guarantees made by them. The Ontario government have guaranteed forty-two millions to the Hydro-Electric Power Commission, and these amounts are not included as additions to the public debt.

Mr. MEIGHEN: Are not these active assets? Does not the Hydro-Electric pay its interest?

Mr. MACKENZIE KING: In the case of our guarantees we have reason to believe the National Railway system will pay the interest very soon. Will hon. gentlemen