

books of the Finance department, and that they were made up in exactly the same manner as records of previous years had been made up. My hon. friend the ex-Minister of Finance (Sir Henry Drayton) in 1920-21 guaranteed a loan of \$50,000,000, \$25,000,000 to the Canadian Northern and \$25,000,000 to the Grand Trunk. That was not included in the public debt. The following year my hon. friend made another guaranteed loan.

Sir HENRY DRAYTON: Will my hon. friend permit a question? Does he recognize the difference between a refunding issue and other issues?

Mr. MACKENZIE KING: If my hon. friend will permit me, I will come to that.

Sir HENRY DRAYTON: I would point out that while my hon. friend will find that there is some \$12,500,000, it may possibly be \$14,000,000—

Mr. ARCHAMBAULT: Better sit down and learn your lesson.

Sir HENRY DRAYTON—which was not refunded out of the total of these loans, during the year out of current cash we refunded over \$15,000,000, \$29,000,000 altogether being the amount.

Mr. GRAHAM: It was not added to the public debt just the same.

Mr. MEIGHEN: Yes, it was.

Mr. MACKENZIE KING: It was not. In the following year my hon. friend guaranteed a loan of \$50,000,000, \$25,000,000 to the Canadian Northern and \$25,000,000 to the Grand Trunk. In speaking yesterday, the right hon. leader of the opposition tried to convey the same impression which his former Minister of Finance has sought to convey, that in some way the loan with which he had to do was concerned wholly with refunding operations, and that therefore there was a reason why when this government dealt with the matter it should deal with it in a different way. Well, I happen to have in my hand, Mr. Speaker, a statement secured from the books of the Finance department, showing how the guaranteed bond issues were dealt with, and I find that my hon. friend the ex-Minister of Finance did not segregate the different accounts on which the moneys were paid out, but some were paid out for one purpose and some for another. First of all out of this guaranteed loan, some \$5,000,000 was allowed on operating deficits of the Canadian Northern, and to the Grand Trunk a sum of \$1,095,000 for the same purpose; for interest and sinking funds there was allowed to the Canadian

[Mr. Mackenzie King.]

Northern the sum of \$8,907,907, and to the Grand Trunk the sum of \$5,216,175.

Mr. MEIGHEN: I stated all that.

Mr. MACKENZIE KING: No, my hon. friend did not state it.

Mr. MEIGHEN: I gave the total.

Mr. MACKENZIE KING: I challenge my hon. friend—

Mr. MEIGHEN: I stated the total was about \$14,500,000 or \$15,000,000, but I stated that so long as the total amount guaranteed by bond did not exceed the total amount refunded, there was no need to add to the debt. And it did not exceed it; indeed, the refunding was greater by \$15,000,000 in our time.

Mr. MACKENZIE KING: I should like to give the balance of these figures: For acquisition of property, materials and supplies there was allowed the Canadian Northern \$5,172,807.

Mr. MEIGHEN: Out of what?

Mr. MACKENZIE KING: Out of the \$25,000,000 guaranteed bond issue.

Mr. MEIGHEN: I have a statement to the contrary.

Mr. MACKENZIE KING: These are the figures given by the Finance department; they are taken from the books of the Finance department. On that same account there was allowed to the Grand Trunk \$5,157,402; for construction, and betterments for the Canadian Northern \$2,725,784.

Mr. MEIGHEN: Is that 1921 or 1920?

Mr. MACKENZIE KING: The 1921 loan.

Mr. MEIGHEN: I have a statement here from the annual reports of the Canadian National Railways, as follows:

During the year an issue of \$25,000,000 Canadian Northern, 6½ per cent, twenty-five year sinking fund bonds guaranteed by the Dominion were sold in New York in payment of advances by the Dominion Government.

That is refunding.

Mr. MACKENZIE KING: I submit in a matter of this kind, if there is any difference of view as to which is correct or not, that I am justified in appealing to the books of the Finance department in the statement I give to the House. This statement has been given to me by the officers of the Department of Finance, and will be substantiated by them. Of that total of \$50,000,000, \$4,421,663 went for the Canadian Northern to meet principal of maturing loans, and \$11,717,596 to the Grand Trunk.