

Mr. DUNNING: That is precisely what is being done.

Mr. WALSH: No; instead of coming to the house and asking that that be done, you are doing it indirectly through a bill which pertains to the Canadian National Railways.

Mr. DUNNING: I do not know how it could be more direct than by this legislation.

Mr. WALSH: It could be done exactly as you handled the \$35,000,000 this year. How did you handle the \$35,000,000 deficit this year.

Mr. DUNNING: The hon. member answers his own question beautifully. The \$300,000,000 to-day is in the non-active assets of Canada. How did it get there? It was taken out of active assets about 1920—I believe it was about that time, although I am not certain as to the year. Why was that done? Because there was no return on it; it was considered to be a yearly inflation of the accounts of Canada to keep it on the active assets. In the adjustment of 1920, when removing it from active to non-active, it was necessary actually to include that sum in the budget for that year. That is already authorized by parliament. It is already out, so far as being a charge as an active asset is concerned.

We are now going a step farther, and may I point out to the hon. member that the step we are now taking is not nearly as big as the one taken in 1920. We are going a step farther now, and treating it as it should have been treated always; in the same way, that is, as hon. members opposite provided it should be treated after 1932. We are applying the principle which has operated since 1932 to deficits accumulated prior to that year. In doing so there is very little difficulty, because the big step was in 1920 when that amount was taken out of the active column, and transferred by authority of parliament to the non-active assets.

Mr. WALSH: But the minister forgets that in 1920 it was not removed from the assets; it was removed only from active to non-active assets.

Mr. DUNNING: Correct.

Mr. WALSH: It still remained an asset. To-day you propose to take it out of non-active assets and put it down one grade lower into the consolidated debt. The point I make is this: In the estimates for this year the amount of \$35,000,000 is provided to meet the deficit. That amount is there. From 1932 on there has been a similar vote each year, varying only with the deficit.

Mr. DUNNING: Since 1932.

[Mr. Walsh.]

Mr. WALSH: Yes. Between 1920 and 1932 it was treated in a different way. It accumulated, until now we are taking \$300,000,000 out of the non-active assets and putting it into the consolidated revenue fund of Canada. That amount of \$300,000,000 has never appeared, as the \$35,000,000 appears this year. It has never appeared in that way.

Mr. DUNNING: Yes.

Mr. WALSH: I might not be able to see it; perhaps I am not very good at figures. Fortunately, however, I am not financially interested in the matter.

Mr. DUNNING: I might simplify matters by telling the hon. member that prior to 1932 the amount was in the railway budget, and passed by the house.

Mr. WALSH: Where is the \$35,000,000 this year? Why is the Minister of Finance dealing with it differently? This \$300,000,000 was never in the estimates in the same way.

Mr. DUNNING: Not in the same way, no.

Mr. WALSH: I cannot see why this year we are working indirectly, through a bill, when each year since 1932 it has been done directly through the estimates.

Mr. DUNNING: And will be each year, in the future.

Section agreed to.

At six o'clock the committee took recess.

### After Recess

The committee resumed at eight o'clock.

On section 11—Accounts of National Railways system; how to be shown.

Mr. CAHAN: Just a word of personal explanation. I wish to say clearly that there was no intention on my part to give any sinister or covert meaning to the words I used in the short altercation I had with the Minister of Transport (Mr. Howe). I certainly had no intention of reflecting upon his intelligence or his wide experience; I wished merely to suggest that he was not fully informed as to certain aspects of prevalent public opinion. If my words seemed to you, sir, or to any hon. member to have a sinister implication, I desire now unreservedly to withdraw them.

Section agreed to.

On section 12—Corporation—Securities trust, constitution.

Mr. CAHAN: This section seems to imply that a new corporation to be known as the Canadian National Railways Securities Trust