

time at the moment to send out and get the reports. I find that all the reports since 1932 show the amount of the deficits as paid by the country. I had thought I might be wrong, although I did not think I was. I now hold in my hand the report for 1933, and on page 10 the profit and loss statement shows this at the bottom:

Deduct—C.N. Rlys., 1932 cash deficit paid by the dominion government..	\$ 53,422,661 67
C.N. Rlys., 1933 cash deficit paid by the dominion government..	52,263,819 05
Change during year..	\$ 15,352,506 54
Balance at January 1 "debit balance".....	763,765,143 01
Balance at December 31 "debit balance".....	\$748,412,636 47

That is for the year 1933. I then turn to 1934, and I once more direct the attention of the Minister of Finance to it, for I felt I could not be mistaken. On page 14, the profit and loss statement shows:

Deduct—C.N.R. cash deficit paid by the dominion government..	\$ 42,589,824 96
Eastern Lines' cash deficit paid by dominion government.	5,434,133 74
P.E.I. car ferry and terminals' cash deficit paid by dominion government..	383,942 00
Eastern Lines' interest on government loans..	626,413 21
Balance at December 31 "debit balance".....	\$789,040,675 42

That is where one would expect to find it.

Mr. BOTHWELL: But the 1933 deficit does not appear there.

Mr. BENNETT: I am showing that it does; I have just read it.

Mr. BOTHWELL: Does it not appear in the annual report, but not the accumulation?

Mr. DUNNING: That is the point. My point was that it is not any longer accumulated from year to year; it is shown in the accounts of the railway each year as a balancing item which is paid by the dominion government, but nowhere is the previous year's cash deficit which was paid by the dominion government brought forward as a liability of the railway.

Mr. BENNETT: On the contrary. I took the year 1933, being the next after 1932. At page 10 you have the debit balance, the accumulation including the deficits carried forward. At December 31, 1933, it amounted to \$748,412,636.47, which includes the deficit of

\$52,263,819.05, and it shows the change during the year. That is set out for that year and the preceding year, the accumulated deficits.

Now I turn to the next year, 1934, the profit and loss account, remembering that the sum total I mentioned included the deficits, and at page 14 are found the figures I have already given: The sum total balance at December 31, "debit balance" \$789,040,675.42 as against a figure of \$748,412,636 for the year before, which included in both cases the deficit.

Mr. HOWE: If my right hon. friend will excuse me, I think he is entirely wrong as to what that figure is. The contribution of the government is deducted from the amounts charged on the railway books, and the rest carried forward.

Mr. BENNETT: No, it shows the cash deficit to which the hon. gentleman referred. I asked him to explain three things; the cash deficit of \$48,000,000, the bureau of statistics deficit of \$115,000,000, and the deficit shown by the accounts, which includes the payment made by the government on its bonded debt plus the cash, making the \$83,000,000 altogether. At page 14 of the accounts of 1934 the net loss is shown and compared with the figure for the previous year, and in both cases the cash deficit is included. Let there be no misunderstanding about that; in both cases the cash deficit is included.

Mr. HOWE: But it is not carried forward.

Mr. BENNETT: I come now to the next year, 1935. On page 18 of the accounts for that year we find these words: "System net loss, \$115,281,689.79." Less the contributions made by the government for deficits, as follows:

	1935	1934
C.N. Railways..	\$41,795,757 24	\$42,589,824 96
Eastern Lines ..	5,265,373 20	5,434,133 74
P.E.I. Car Ferry and Terminals.	360,334 36	383,942 00
	<u>\$47,421,464 80</u>	<u>\$48,407,900 70</u>

Then there is shown a change during the year, in profit and loss account, of \$67,233,811.78, as against \$40,628,038.95 the year before. The balance at December 31st is shown at \$85,274,487.20, as against \$789,040,675.42. That includes accumulated deficits.

Mr. DUNNING: My right hon. friend spoke of deducting.

Mr. BENNETT: Certainly, so as to arrive at the cash deficit.

Mr. HOWE: Perhaps I might explain those figures.