

balance sheet as it will be made up in 1937, but according to this statement I will not be in a position to judge, because I cannot compare the two clearly.

There is another point I should like to make. I have already made reference to the statement made by the minister on February 5. In committee I contended, and I still make the contention, that what the minister proposes to do with the balance sheet of the Dominion of Canada is what we wanted done with the balance sheet of the Canadian National railways. The minister promised to let us have that, when he stated in the house, as appears at page 597 of Hansard for February 5:

I believe a schedule can be set up that will preserve the historical record, and this schedule can be made part of the annual report of the Canadian National railways. That perhaps will satisfy the purpose as to a record.

I should like to ask if the minister proposes to do that.

Mr. HOWE: In my statement I said it could be done. I still say so, but I think my hon. friend was present when the committee voted by a very large majority to do it in the way proposed under this bill. That amendment is the work of the committee; it is not the work of the minister.

Mr. WALSH: The amendment in committee was made after considerable insistence on the part of certain members of the committee in connection with this very item. We were insisting that the balance sheet of the Canadian National railways should present a true picture of the situation of that railway each and every year. After considerable contention on our part the minister agreed to bring in an amendment to section 8 of the bill, and at the next meeting he brought in an amendment. But instead of covering the point for which we were contending the minister brought in an amendment which did not affect the balance sheet of the Canadian National railways but did affect the balance sheet of the Dominion of Canada. We were contending for a clear picture in the balance sheet of the Canadian National railways. The minister turned around and further complicated the situation by amending, if we may use that term, the balance sheet of the dominion. I do not think that is what we were asking for; I do not think that is what was in the minister's mind. I believe he is playing on words when he suggests that this record "can" be set up. I believe at that time he had in mind the thought that he could do it and would do it. Now the bill is back in the house, however, we see that has not been done, and we find ourselves in the position

of having to present our views to a house which we know will adopt this bill, which we do not think is in the best interests of the railways or the people of Canada.

There is another point I should like to make. The Minister of Transport proposes to take out of the non-active assets of the Dominion of Canada the sum which I have already indicated, roughly \$370,000,000, and put it into the consolidated revenue fund. Each year since 1932 we have been doing that, as I understand it. There have been deficits, and this year the deficit is \$35,000,000.

Mr. DUNNING: Because there is no asset against it, either active or non-active. That is the accounting principle upon which it is based.

Mr. WALSH: The \$35,000,000 deficit this year is being taken by the government and put directly into the consolidated revenue fund; is that correct?

Mr. DUNNING: It is directly out of the fund. There is nothing going in, I am sorry to say.

Mr. WALSH: Here is an amount which has been voted annually, in different sums, since 1932, amounting altogether to about \$370,000,000, and which is being lifted bodily out of the non-active assets and put into the consolidated revenue fund of Canada.

Mr. DUNNING: My hon. friend is wrong there.

Mr. WALSH: Made up of amounts, exactly as \$35,000,000 is made up this year, representing deficits which have accrued from year to year and which the government has paid out, but booked as non-active assets. Yet we are being asked to do that this year, without the item appearing in the estimates or being referred to in the budget. It is being done indirectly through a bill which, in the first place, has no relationship to the consolidated debt of Canada.

Mr. DUNNING: If the hon. member would permit me on that point, the \$300,000,000 to which he now refers represents deficits which did accumulate and were treated as assets prior to 1932. What we are doing is to treat the deficits prior to 1932 in the manner in which deficits since 1932 have been treated, both by our predecessors and ourselves. That is the thing in a nutshell. There is no asset back of either of them, and they are being treated in the same way.

Mr. WALSH: But why not treat this \$300,000,000 exactly as you have treated each deficit in the years since 1932?