

describing the operation, we do not take away a nickel from the organization and do not add a nickel to it.

Hon. Mr. DANDURAND: Hear, hear.

Right Hon. Mr. MEIGHEN: Because of apparent futility one is liable to think the Bill does not mean a great deal; but after some study I am convinced that it has very great significance.

I shall be pardoned, I trust, if I say a word as an aside. I do not believe any human being can gain any acclaim, much less popularity, by criticizing the measure. I do not think anybody is going to criticize it unless he thinks it is his bounden duty to do so. Certainly among the employees of the Canadian National he will get no favour. I do not doubt that every one of them, from the humblest workman to the most highly paid official—and some of them are pretty highly paid—is in favour of it and will raise both hands and cheer for it.

Hon. Mr. DUFF: They will want another ten per cent next year.

Right Hon. Mr. MEIGHEN: If you can make the balance appear favourable you will thereby gain for the company a certain measure of kind remarks on the part of the press and members of Parliament when the affairs of the railway are under review, and will make more easy the way of those in its employ.

What the Minister says we are doing, if I understand him correctly, is this—and it is true—that, first of all, we are trying to eliminate duplication. At present, he says, and truthfully, there appears in our public accounts a debt amounting to a billion dollars incurred by our advancing money to the Canadian National Railways or its subsidiaries, and naturally this appears also as a debt of the railway, because the railway owes the money to us. My honourable friend's contention is, I gather, that a casual observer, looking at the debt of the Canadian National Railways and the debt of the Government of Canada, would think we owed \$2,000,000,000 instead of \$1,000,000,000. But, I pause to ask, what is the purpose of the balance sheet of a company? Will any purpose be served by having a balance sheet show less than the amount the company actually owes, less than the amount that actually went into the company?

Hon. Mr. DANDURAND: Oh, no.

Right Hon. Mr. MEIGHEN: But the honourable member will see that that is what is being done.

Hon. Mr. DANDURAND: Not less money than went into it.

Right Hon. Mr. MEIGHEN.

Right Hon. Mr. MEIGHEN: Unquestionably.

Hon. Mr. DANDURAND: Every dollar that went into it will be shown. It is the deficits and the interest thereon, which did not go into the company, that will not appear.

Right Hon. Mr. MEIGHEN: To an extent the honourable gentleman is correct, but not altogether so, and in principle he is entirely wrong. What I am dealing with now is the wisdom of this desire of the Government as respects duplication. Will any purpose really be served by doing what the Government wants to do? Suppose it is true that the National Railway's debt shows money which is shown also in the Dominion Government's debt—money the Government had to borrow in order to lend it to the railway, and on which the Government has to pay interest. What is to be served by striking that sum out of the National Railway's debt? There may be some people ignorant enough to think, because the amount is shown among the liabilities both of the railway and of the Government, that twice as much is owed, but such people are not among those who underwrite Dominion Government bonds and Canadian National Railways bonds. The underwriters know perfectly well the exact amount owed by the Government and by the railway, and how much of the debt of each is duplication. One can imagine a financial house in New York, or a series of financial houses in Canada, which have had to do with the history of these obligations for decades and know exactly where we stand. It is these people who matter, for it is from them we borrow. They are our money market. Therefore, I do not think there is anything whatever in the duplication argument.

But I do not mean that there should not be some amendment to the balance sheet of the Canadian National. The purpose of a balance sheet is to reflect the exact truth. To the extent that it departs from the exact truth or does not reflect the substantial facts of the situation, it fails to serve the purpose of a balance sheet. I do not think the balance sheet of to-day does reflect the exact truth. I understand that when the Grand Trunk was taken over we acquired three series of preference stocks and the common stock, and that these stocks stood on the books of the company at their par values and we incorporated them in the books of the new company at the same values. The arbitrators found they were worth nothing, and there is no doubt that they are worth nothing. It does not seem to be a reflection of the real situation to have these stand on the liability side, representing capital liability, at any such