

of the Governor in Council, would be able from time to time to make those releases where it was believed that advantage would be secured by way of amalgamation, and so on. That is one of the things, Senator Meighen.

Then there is even the broader question that there is a large amount of unguaranteed securities outstanding to-day in the hands of the public, and it is naturally hoped that over the future years refinancing undertakings may bring about a reduction in the present mortgage rates. At present it is almost impossible at times for the railway financial officers to make any progress in that direction because of the existing legislation. The Securities Trust would be able to release these claims from time to time between the corporations that it is hoped over the years would bring about a considerable simplification.

Right Hon. Mr. MEIGHEN: I understand that. There would probably be a certain measure of adjustment between the companies to enable amalgamation?

Mr. MATTHEWS: Yes.

Right Hon. Mr. MEIGHEN: Very good. That answers one point. There will be something perhaps for the trustees to do of a formal character. Nevertheless the balance sheet may just show the assets taken over and held under legislation so and so at such a figure. That is all they ever have to do.

Mr. MATTHEWS: But, Senator Meighen, under that clause there will be necessity for the trustees to make a report of the transactions in the year.

Right Hon. Mr. MEIGHEN: Oh, yes.

Mr. MATTHEWS: In other words, there was apprehension that if you just allow this Securities Trust to be in the hands of the five trustees, with the approval of the Governor in Council, Parliament might feel that things would be done which they should be kept informed of. That was the only reason for the insertion of the clause.

Right Hon. Mr. MEIGHEN: But we are now at the point of the details of the debt, and section 23 does not help.

Mr. MATTHEWS: It was not intended for that purpose.

Right Hon. Mr. MEIGHEN: Suppose we fall in line with you and put the balance sheet in the form you want it, why do you object to having an appendix showing the exact things that go into the public accounts under section 24.

Mr. MATTHEWS: Senator Meighen and gentlemen, just for one reason. I come back to where we started. The only reason in the world we had at the beginning of making a public recommendation to Parliament on this matter was that we believed the present Canadian National accounts, distributed as they are to the financial centres of the three countries, should be brought into line with the realities of to-day without attaching to it the history of all the past mistakes. After all, the balance sheet is supposed to be a statement of conditions of the day. I do not know of any other definition of a balance sheet. I have never heard it advanced in any quarters in my profession at least that a balance sheet is fundamentally a historical record of all the moneys that have been put into the company by the shareholders regardless of what during the process of time may have been arranged between the shareholders, bondholders and the creditors. This is a borrowing country. What advantage can there be in telling everybody all over the world wherever we are doing business financially that this property has cost so much in losses and so forth since its inception? That is fundamentally necessary of course for the guidance of Parliament. Our view is—and I am only expressing our own view—that that has its place in Parliament where future restrictions of moneys granted to this property will be made.

We are convinced of the fact that this balance sheet is going to be a costly thing to this country in due time. We say that advisedly because of the contacts we have had in the last three or four years with institutions and people