

Hon. W. D. EULER (North Waterloo): Mr. Speaker, if I may I would make this suggestion. When the auditors were appointed on previous occasions the names of the auditors were not inserted until we went into committee. If we are not committed to the principle of the bill by permitting second reading without discussion I do not suppose there is any particular objection to the bill going to committee. I hope I have not exhausted my right to speak, because I should like to see what the minister has to say in this regard.

Mr. MANION: I am quite agreeable to that. The only principle accepted by allowing second reading would be the appointment of auditors. The question as to who should be the auditors is for this house, because they are appointed by parliament. If that is satisfactory we might go into committee.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Smith (Cumberland) in the chair.

On the short title.

Mr. EULER: I would like to ask the minister why the change is being made in the personnel of the auditors.

Mr. MANION: Ordinarily I should not have expected much discussion on this question but I think, quite unjustly and unfairly, a few of the daily journals of Canada—

Mr. McINTOSH: Would you specify them?

Mr. MANION: I could do that, but there is no need for it at the moment. Before I am through perhaps I will do so. A few newspapers have taken the attitude that this is a sort of revenge upon George A. Touche and Company for their temerity in suggesting that there should be a recapitalization of the financial set-up of the Canadian National Railways. I only mention that because the whole suggestion seems to me almost too ridiculous to be printed. My hon. friend wants me to name these journals. I will name one at any rate. In the issue of the *Toronto Daily Star* that came in this morning appears a rather severe article criticizing the government. I should like to read one paragraph of that article, for it justifies me in mentioning the matter. The heading is "Unfairness to Canadian National Railways," and the last paragraph reads:

Far from welcoming the proposal of the auditors that the grossly inflated debt of the Canadian National Railways be pared down the Bennett government is demanding that the auditors be dismissed.

[Mr. Manion.]

In that regard I might just say that they are not being dismissed; the auditors are being changed.

Some hon. MEMBERS: Oh, oh.

Mr. MANION: There is a difference, and a little later I will deal more fully with that. I am surprised that my hon. friends should laugh, because to change auditors is quite within the right of any business institution, while to dismiss the auditors would mean severely reprimanding them for something they had done or left undone. However, I will finish the paragraph I was reading:

The explanation that will be given for the proposed dismissal of the auditors no doubt will be that the firm has its headquarters in England—

I did not know that until this morning; I made inquiries, and I think that is correct.

—but so it had a year ago when Mr. Bennett and Doctor Manion were loud in praise of its work.

I am not going into any great detail, but that is why I wish to deal with this question to some extent. In the first place I want to make it clear to the committee and to the people in general that the thing furthest from the mind of the government, or of the Prime Minister, myself or any member of the government, was that George A. Touche and Company were being punished in any way because they suggested a recapitalization of the financial set-up of the Canadian National Railways. The idea behind such a change is exactly the idea that applies to the banks of this country and which is contained in the Bank Act, which I hold in my hand. A bank cannot retain the same auditors for more than two years. If that is a good rule for the banks, after George A. Touche and Company have been auditors of the Canadian National Railways for eleven or twelve years surely if the government thinks new auditors may bring a new slant or new outlook upon the operations and condition of the Canadian National Railways the government has a perfect right to suggest to this house—because they are parliament's auditors—that we should have a change. I should like to read that provision in the Bank Act, which is found in subsection 5 of section 55:

The shareholders—

After all it must be remembered that the auditors being appointed to-day are the shareholders' auditors for the Canadian National Railways. This has nothing whatever to do with the trustees. One article which I read in another newspaper, criticizing the government rather severely, suggested that we had