

being given out in the form which I mentioned.

Some hon. MEMBERS: Order, order.

Mr. STEVENS: I will hand the Prime Minister (Mr. Mackenzie King) the document to which I refer.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I am not cognizant of the facts, but I am pretty sure that the Secretary of State (Mr. Copp) gave to the House yesterday a statement in accordance with the memorandum sent to him from the department to acquaint him with the position. I have no doubt the Secretary of State gave to the House exactly the information given to him officially. Referring to what appears in the newspapers, I am unable to say whether it is correct or not. Certainly the government would not place its reliance on what appears in the press. We would like to have an official statement from the Board of Harbour Commissioners of Vancouver before making a statement to the House.

Mr. STEVENS: What I am bringing to my hon. friend's attention is that this is a public statement, signed by the Secretary of the Board of Harbour Commissioners, Vancouver, a servant of the government.

Mr. MACKENZIE KING: The point is as to whether the government itself has received this information from the harbour commissioners. I think there is no doubt, whatever that the statement which the minister gave to the House is correct, and that so far official information has not come from the harbour commissioners. I hope that it may be possible to have it brought down speedily.

PORK—IMPORTATIONS AND RE-EXPORTATIONS

On the Orders of the Day:

Mr. R. K. ANDERSON (Halton): On March 4 last a question appearing in my name regarding the exportation of Canadian pork to England was changed to an order for return. Would the Minister of Agriculture (Mr. Motherwell) assure us he will bring down the return as soon as possible?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I assume the question my hon. friend refers to has been sent to the Minister of Customs (Mr. Bureau). His department has to do with the question of exports, and I will direct his attention to the matter.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF HON. J. A. ROBB, ACTING MINISTER OF FINANCE

Hon. J. A. ROBB (Acting Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the House to go into committee of Ways and Means.

He said: In presenting to-day the annual statement of the financial affairs of our Dominion, may I express the sincere regret, which I am sure we all share, that our hopes and wishes for a speedy recovery of the Minister of Finance, the Right Hon. Mr. Fielding, have not been fully realized.

The Public Accounts for the financial year 1923-24 were tabled in this House on the 9th of last month. The consolidated fund revenues or ordinary receipts are shown as \$396,837,682.22, being \$837,682.22 in excess of the estimate given to the House last session; and \$2,222,782.22 over the corresponding receipts for the previous year. Other receipts amounted to \$9,743,635.74, which brought the gross revenue to \$406,581,317.96.

The expenditure side shows \$324,813,189.75 for ordinary expenses, being a decrease of \$7,480,542.34 under corresponding expenditures for the previous year. Capital, demobilization and other charges amounted to \$19,208,597. The gross expenditure was \$344,021,786.75, or \$6,586,759.97 less than for similar services the previous year.

The public debt was decreased by the amount of \$35,993,593.86. Since confederation decreases of debt have occurred in only nine of the fifty-seven years completed; \$35,993,593.86 is the largest decrease of any of those nine years, being \$10,375,758.83 greater than that for any previous year since confederation.

Debt Reduction—How Arrived at

May I, before dealing with the outcome of the year 1924-25, which ends on the 31st of this month, ask the indulgence of the House to refer for a moment to a contention advanced last session in this chamber that the reduction of debt by some \$35,000,000 was arrived at by a departure from the practice heretofore followed in dealing with loans to the Canadian National Railway system. The fallacy of this contention was fully explained by the Prime Minister from his place in this House. My reasons for referring to this matter in a budget speech are not so much in the interests of the party to which I have the honour to belong as in the interests of all who make up our national life. The attack at the time was weakened by the fact that no two of the critics seemed able to agree on just how many millions were involved and

to what extent the debt should have been affected. During the recent recess of this House, these remarkable and fallacious charges have been reiterated in public speeches and also featured prominently in certain issues of the public press. Criticism of the public policies of any party is expected, but to step aside and charge an administration with altering the method of keeping our national records for the purpose of showing the financial position of the country to be other than it really is, brings with it a danger which I am sure is not fully realized by those carrying on such propaganda. We Canadians are in the process of becoming in the not far distant future a great nation. We are in the growing period. We must practise economy, but we must make such provision for the development of our country and of our transportation facilities as will be necessary to meet our growing needs. To meet the necessary capital charges required for national development we may need outside capital. If we require to go to a foreign money market for loans to be used for the development of this country, I submit there is danger that our credit, now at its highest point, may be damaged and that we may be called upon to pay higher rates for accommodation. It was not until I feared that such criticisms of the accuracy of our public records might result in impairing our national credit that I thought it worth while to take the necessary steps to have our balance sheet for 1923-24, the year concerned, examined by two of the most outstanding chartered accountants in Canada, men to whom no one could take exception. This was done for the double purpose of satisfying the people of Canada as well as those outside of Canada whose good-will and financial resources we might need in the developing of our country. On the 27th January, 1925, I received the auditors' certificate, a copy of which has been printed on the balance sheet on page 3 of the Public Accounts for 1923-24. The certificate reads as follows:

We have examined the balance sheet of the Dominion of Canada as at March 31, 1924, and we certify that the balance sheet conforms to the balance sheets of previous years in not including in the net debt of the Dominion, issues of the Canadian National Railway company and companies included in its system, which carry the guarantee of the Dominion of Canada. Such guaranteed issues are shown year by year as indirect liabilities.

GEO. EDWARDS,

Of the firm of Edwards, Morgan & Co.

W. GARTH THOMSON,

Of the firm of Peat, Marwick, Mitchell & Co.

Ottawa, Canada, 27th January, 1925.

[Mr. Robb.]

Canadian National Railways—Accounts

While guaranteed loans in the past have been issued for the purpose of taking care of deficits, capital and other charges, and treated in our public accounts as indirect obligations, I submit that it would be an ideal practice if, for the purpose of securing better terms in the flotation of Canadian National Railway loans, the guarantee of the Minister of Finance could be confined solely to loans raised for the betterment of the railway system; and in this respect this administration has been singularly successful. The railway system is now meeting its running expenses with a surplus left over for fixed charges. The railways are not called upon to pay out of their revenues interest on Dominion loans made to them by way of cash, although such is included in the annual railway budget as submitted from time to time by the Minister of Railways and Canals. They are thus relieved for the present from a very large annual commitment, and in consequence are able to carry on their capital and betterment requirements by loans guaranteed by the Minister of Finance. Net operating income surplus, together with the cash loans made by the government, meet the railway's fixed charges, which, of course, include interest charges on obligations held by the public.

May I here explain, for the information of this House and the country, the relationship of the Canadian National Railways' finances to the Dominion accounts? During war time stress it was deemed advisable, by the government of the day, in order to avoid a possible breakdown in our transportation facilities, to give substantial financial aid to the Canadian Northern Railway and its constituent companies. Very large sums of money were loaned to the company, the government taking as security railway interest-bearing bonds or demand notes. These interest-bearing bonds or demand notes were, until 1920, treated as active assets and they so appeared in the federal balance sheet, being deducted from our gross debt in determining the net debt of the Dominion. The present Minister of Finance, Mr. Fielding, in this connection made the following statement in the House:

When the amount was not very great in proportion to our business, perhaps there was no need of any discrimination, but when these assets, under the operation of our railways, grew to very large figures, it became desirable or necessary that there should be discrimination.

He further stated:

My predecessor in office very properly made that discrimination by dividing our assets into active and non-active.

