

to call upon the Government to pay that money, just the same as he would have to pay the whole amount. The result is that to-day there are, according to this statement, approximately \$399,000,000 of guaranteed and unguaranteed securities. In addition to that, there are \$98,000,000 of current liabilities, as set out on page 8. That means \$498,000,000, or approximately \$500,000,000. Then, there is the interest charge which the minister has to provide for this year, and there are the expenditures that must be made for this year. When the Government takes title to the stock, which they will do upon the signing of the transfer of five-sixths of that stock, what is the source to which Messrs. Mackenzie and Mann, operating the Canadian Northern railway, will look for money for the purpose of providing betterments during this year? There is only one source—the Government of Canada. Hitherto, Mackenzie and Mann were compelled to resort to their own methods of financing, and they did so. Now they will simply come to the Government of Canada and say: We do not have to go to New York in war time and look for money, and pay large commissions and sell stock at a low figure, or sell our securities at a low price; we come to the Government of Canada, for whom we are operating this road; you are our bankers, our superiors, and you will have to provide that money. Therefore, in addition to the \$500,000,000 which are added at one swoop to the debt of the country, there are these liabilities for which the Government becomes responsible. The result is a profound disregard for that public opinion which the minister says exists in Ontario in regard to this question of Government operation. The Government says in effect: We are liable for all the debt, but we are going to let Mackenzie and Mann go on and operate the road. That is the situation in which we are.

Sir THOMAS WHITE: That is not correct.

Mr. MACDONALD: My hon. friend spoke of the fact that the gentlemen who were operating the road—

Sir THOMAS WHITE: I was speaking of the officials of the road; I was not speaking of the members of the board. I mentioned the other day Mr. McLeod, Mr. Hanna and Mr. Mitchell, as very competent officials.

Mr. MACDONALD: Those are the gentlemen who have been operating the road in the past; they are operating it now.

[Mr. Macdonald.]

Sir THOMAS WHITE: I think they are good officials.

Mr. MACDONALD: The minister says they are good officials. He is going to let them operate the road. The result will be that instead of going to Messrs. Mackenzie and Mann, as they have gone in the past when they required money for betterments, they will go to my hon. friend. That is the only difference.

I am not again going into the question of arbitration, to which I referred the other day. The minister says that it is a modification of the suggestion contained in the Drayton report. What I am concerned about more than anything else is the way in which this matter is to be dealt with. According to the history that my hon. friend is providing for the counsel who are to be engaged in the case, the additional amount which Canada will be compelled to assume will to my mind be very large. My hon. friend has chosen to proceed in that way, but personally, I think it would have been better to clean up this whole thing.

Sir THOMAS WHITE: How?

Mr. MACDONALD: Appoint a receiver to operate the road as a trustee, and then it would have been open for the country to deal with it. Some hon. gentlemen seem to think a receiver is a most dreadful proposition, but as a matter of fact there is not a lawyer in the House who does not know that a receivership is very often the best way of dealing with a company that has got into difficulties, no matter what kind of a company it is. Here we have a large amount of securities which have been issued in the past and have not been guaranteed. I venture to say that where they have been disposed of they have been sold at a large discount from their face value, and large amounts have been paid in commissions. Why should the country be compelled to pay millions of dollars to men who made their money in that way? If we adopted the method I have suggested we should know exactly how much money had gone into the road, an adjustment could be arrived at under a proper accounting system, the road could continue to be operated, and the whole matter would be cleaned up. My hon. friend stands aghast at that proposal, as do some other hon. gentlemen. Yet these are serious times. The financial problems pressing on the country are of the most grave character, and day by day they are becoming more serious. When I