

Then I want to direct the minister's attention also to two or three other principles which are involved in the fixing of values. I do not think the minister has given enough consideration to clause 4, and that there is not a sufficient limitation to the principles which the arbitrators may invoke in assessing the value. For instance, there is the principle of good-will and the principle of a going concern, or the going value. I believe going value is the term. Good-will and going value are principles well settled by the courts of this country and the courts of the United States. We know what they are. I do not intend to occupy the time of the committee with a statement of the substance of these definitions, as given by the courts from time to time, but I say that we should be careful that the Board of Arbitration may not invoke to too great an extent these standards which will enable them to give the owners of the shares a value which Parliament and the country never anticipated. In many well known instances in Canada and the United States arbitrators have taken the structural value of public undertakings and have arbitrarily added 10, 20 or 30 per cent. They have reached the value in this summary and arbitrary way. I submit that in the acquisition of an undertaking of this size we should be careful by our legislation to make it impossible for arbitrators in a summary and arbitrary way to fix an unreasonable value which cannot be corrected by Parliament or by any other power in this country if the arbitrators are unanimous in their decision. Public Utility Board in the state of New Jersey in a certain case which I have in mind, after having fixed the structural value of a public utility which was being acquired, said there should be added to that an additional valuation of 30 per cent. One may say that this will not be done, and cannot be done, in the case of the acquisition of the shares of this railway, but there is nothing to prevent it. It is true we are acquiring merely the shares, but you may be sure that the owners of the shares will invoke all these principles, when the matter comes before the Board. And, after all, when you come to fix the value, there is no difference between the acquisition of the shares and the acquisition of the physical property of the system. Then, in ascertaining the value of the road, the promoters' interest have frequently been considered. I could give to the committee a statement made by the late James J. Hill, an eminent railway man, well known not only to this country but

[Mr. A. K. Maclean.]

to the entire world, who stated that in determining the value of a railway it was proper to take into consideration the time and labour of the promoters, and the facts that dividends had been deferred, and that they had received no payment whatever in connection with their promotion, except possibly some salaries. It is true, this statement which I have given to the committee as having come from James J. Hill was merely his own statement, given in evidence, before some body in the United States, but the principle has also been established by many courts in the United States, and particularly in recent years by Public Utility Boards.

I have enumerated to the committee only a few of the arguments and contentions which will be advanced and presented to the board of arbitration in fixing the value of these shares. The statute merely says that the board shall fix, upon their own judgment, the amount which shall be paid to the shareholders. Section 4 of the Bill does not pretend to lay down any principle by which they shall be guided, except in so far as the section is amended by the amendment presented yesterday by the Minister of Finance, to the effect that reproduction cost shall be based upon values of pre-war days.

Sir THOMAS WHITE: The hon. gentleman is overlooking the fact that an amendment has been proposed, to strike out the clause under which the arbitrators may use their own judgment.

Mr. A. K. MACLEAN: I have been referring to that. That is in the original Bill.

Mr. PUGSLEY: That amendment stood with the others.

Mr. A. K. MACLEAN: I was not aware that the words "apply their own judgment" were struck out, although, on reflection, I remember the Minister of Finance informing the member for Calgary (Mr. R. B. Bennett) a few days ago that he proposed striking it out. I am not sure there is any great value in striking out these words. I am not impressed with the view that the elimination of such words strengthens the section. I think they are still at liberty to apply their own judgment. I believe that section 4 should eliminate some of the standard principles which are usually invoked in such circumstances in the fixing of the values of public utilities or railway systems. I have mentioned only a very few of these principles. Many others might be mentioned, but I do not purpose detaining the committee at any greater length by