

Minister of Railways was, by Order in Council, appointed receiver of the Grand Trunk Pacific, but no liquidation took place. We do not know what assets there are to meet the liabilities of the Grand Trunk Pacific. The Government is not in a position to-day to tell by what amount it will be in disbursement in respect of the guarantee of the bonds of the Grand Trunk Pacific. Nor is the Government in a position to tell us what will be the claim of the receiver of the Grand Trunk Pacific against the Grand Trunk in respect of their guarantee of the bonds of the Grand Trunk Pacific—whether in his capacity as receiver or as representing the Government which is guarantor of the bonds. Well then, how can we say what will be the amount of the claim of the Government against the company?

Mr. MEIGHEN: Against the Grand Trunk?

Mr. VIEN: Yes.

Mr. MEIGHEN: What have the expenses of receivership to do with our claim against the Grand Trunk?

Mr. VIEN: The Government is guarantor of certain debentures of the Grand Trunk Pacific. When the Grand Trunk Pacific is fully liquidated, the Government will be able—because the Grand Trunk Pacific is now in its hands through the receivership of the Minister of Railways—to claim from the Grand Trunk a fulfilment of their obligations in respect of the Grand Trunk Pacific.

Mr. MEIGHEN: That has nothing to do with the expenses of receivership or the moneys advanced by the receiver for the management of the railway.

Mr. VIEN: I am not speaking of the moneys advanced by the receiver; I am now speaking of the value of the shares, whether guaranteed or preferred, of the Grand Trunk. This value cannot be properly ascertained until we know what amount the Grand Trunk will be called upon to pay in respect of their guarantee of bonds of the Grand Trunk Pacific. The receiver has a claim against the Grand Trunk because the interest on the bonds guaranteed by the Grand Trunk has not been paid for the last two years. Moreover, the receiver has a claim against the Grand Trunk in respect of the capital represented by these bonds, if the assets of the Grand Trunk Pacific are not sufficient to meet the bonds. This has to be settled before we can esti-

[Mr. Vien.]

mate properly the value of the shares of the Grand Trunk. But the point that the Government does not submit to arbitration is the value of the guaranteed stock of the Grand Trunk Railway Company. The Government guarantees the payment of the capital and the perpetual payment of interest at four per cent on such guaranteed stock, although that stock may be worthless. As my hon. friend (Mr. Denis) says, it may be worth 50 cents on the dollar; it may be worth 40 cents on the dollar—but the Government undertakes to pay 100 cents on the dollar in respect of that stock. The minister shakes his head as a denial; but virtually the Government guarantees the perpetual payment of an interest of four per cent on it, and the reimbursement or possible conversion—

Mr. MEIGHEN: How can you guarantee a possible conversion?

Mr. VIEN: I will split hairs with the minister; I will try to discuss on fine points, although my imperfect command of the English language does not permit me to discuss them as finely as he does. I will try, however, as far as it is in my power to do so, to make myself understood.

The Government guarantees the perpetual payment of an interest of four per cent on the guaranteed stock of the Grand Trunk and reserves to itself the right to buy outright by reimbursing the holders of the guaranteed stock to the extent of twenty-five times the annual payment which is to be made in lieu of dividends. That amounts to the same thing—

Mr. MEIGHEN: Oh, no.

Mr. VIEN: —because it gives a value to that stock; as has been shown this afternoon, it has already given an enhanced value on the stock exchange. We say it is poor policy; it is a bad deal, it amounts to a pure gift to the holders of the guaranteed stock, to fix a guaranteed payment of dividend in respect of a stock on which there has been no dividend for two years and on which there might never be a dividend in the future if the company is called upon to meet its obligations in respect of the Grand Trunk Pacific.

The President of the Council (Mr. Rowell) said that we must not be harsh with the shareholders of the Grand Trunk because they had put over \$200,000,000 into the enterprise. But the tenderness of the President of the Council is extended to only one class of the shareholders of the Grand Trunk; it does not go out to the shareholders of the first, second or third preferred