

16. The receipts and expenditures of the company shall be subject to the provisions of the Consolidated Revenue and Audit Act."

be inserted instead thereof.

Sir THOMAS WHITE (Acting Prime Minister): Mr. Speaker, the Government cannot accept the amendment proposed by the hon. member. He has made an argument which I may describe as specious, and, unintentionally no doubt, somewhat unfair. He has asked: Shall Parliament hand over to a few gentlemen in Toronto—and he emphasized Toronto, I thought.

Mr. FIELDING: Are they not in Toronto?

Sir THOMAS WHITE: Some of them, not all.

Mr. FIELDING: I understood the office was in Toronto. If that is a mistake I withdraw my remarks.

Sir THOMAS WHITE: The office is in Toronto, but the board of directors of the Canadian National Railway system is constituted of gentlemen from all parts of Canada. Therefore it is incorrect to say that the Government is handing over to "a few gentlemen in Toronto" the control and administration of the hundred or more million dollars which my hon. friend has mentioned.

Let me put this to him—the Canadian Pacific Railway Company conducts much larger operations than the Canadian National Railway system as today constituted, and yet we find the shareholders of that company, comprising men of the highest business experience and standing,—many of them residing in Great Britain, and in the United States, as well as in Canada,—do not hesitate to entrust to a few gentlemen in Montreal the administration and control of the funds of that great system. I submit that the two cases are absolutely on all fours if we are to adopt the corporate principle of administration, as we are proposing to do in this Bill. I do not believe that any hon. gentleman would rise in this House—certainly not the hon. member who has spoken (Mr. Fielding)—and charge any misfeasance on the part of the board of directors of the Canadian Pacific Railway Company. So far as I know they administer that great system most capably and most honestly. And what the Government is seeking to do as a matter of administration, with a view of promoting the highest efficiency and economy, is to constitute a board of directors, responsible to the Dominion Government, who will administer the affairs of the

Canadian National Railway system and receive its revenue and cause to be properly paid out its expenditures in accordance with the practice which is adopted in efficient railway administration in all parts of the world.

I pointed out to the hon. member (Mr. Fielding) when he raised this question in Committee, that there were two modes of administration, either of which might be adopted by the Government, in connection with these railways which have come into our possession. We might directly administer them through the Department of Railways, which is under the direct control of the Minister of Railways, a member of the Government, as the Intercolonial Railway has been administered in the past. Those railways would then be administered precisely as the Department of Railways is administered, as the Department of Customs is administered, as the Post Office Department is administered; as all other departments of the Government are to-day administered. The other way, and the one that we have chosen—and which I shall submit is the one which we should choose in the circumstances—is by administering through the agency of a joint stock company, a holding company, which will either hold the physical property of these railway companies, or control it through the holding of the capital stock.

In the first place, it has been necessary for the Government to adopt the corporation system in connection with the administration of railway companies which have outstanding bond issues, by reason of their having been financed and administered on the corporation principle in the past. It was pointed out when we took over the Canadian Northern Railway system that if we divested it of its corporate character and took over its physical properties by expropriation, we should at once cause to become due and payable many of the trust mortgages securing issues amounting to hundreds of millions of dollars. We should thus lose the benefit of all past financing, and we should have to provide in cash an amount representing the value of the physical properties of the Canadian Northern Railway system. The same argument would apply to the Grand Trunk Pacific Railway system and to the Grand Trunk Railway system of Canada should we take them over. In the case of the Intercolonial Railway Company, the Dominion Government has owned the physical properties, and if the Canadian National Railway