# Our Ottawa Letter

**C.N.R. Deal Looks Good for the Financiers—Senate Favors Bonus on Production**

**By The Guide's Special Correspondent**

Ottawa, August 17.—This has been one of the most interesting weeks of the long parliamentary session, the close of which is not yet definitely in sight. There has been a lively debate and a division on the second reading of the bill to provide for the purchase by the government of the remaining sixty millions of the capital stock of the C.N.R., followed by an acrimonious discussion in committee. Hon. C. J. Doherty introduced an elaborate bill providing for the taking of the soldiers vote at the approaching general election. There has been a debate in the senate on the question of increased production of grain in Western Canada. In addition, Sir Geo. Foster has made an interesting statement relative to the fixing of maximum wheat prices, and Sir Robert Borden has officially thrown overboard his former Nationalist allies of the province of Quebec, describing their attitude in regard to the war as "disloyal."

The chief interest has perhaps centred in the debate on the second reading of the Canadian Northern bill and an amendment moved thereto by Hon. Geo. P. Graham setting forth that provision was made in connection with the advancing of $45,000,000 to the C.N.R. in 1914 for the taking over of the road in case of default in interest payments. The amendment urged that this legislation is all that is necessary to meet the emergency, that the government should take over the road and that there should be no value placed upon the remaining capital stock. When the amendment was voted down by a government majority of 25, the opposition in committee demanded that the government should bring down the names of the holders of bonds and stocks and the pledgees of the stock who will benefit by the money to be paid for the control of the C.N.R. system. Hon. Rodolphe Lemieux asserted that it was common gossip that Sir Clifford Sifton was interested to the extent of $750,000. The government opposed the amendment on the score that it would mean "confiscation."

### Financiers Disagree

R. B. Bennett, of Calgary, while agreeing with the government in this respect, urged a number of important modifications in the bill. He thought the government should take over the system under the legislation of 1914 and put it in the hands of a receiver; that the pledgees of stock should not be recognized and that in fixing the value of the road regard should be had to pre-war and not to present prices. Otherwise, he said, a great wrong would be done to the people of Canada.

There is some reason to believe that the fight in the house over the C.N.R. legislation is to some degree due to the rivalry between the two groups of financiers generally known as the Bank of Montreal and C.P.R. group and the Bank of Commerce group. The last mentioned group is supposed to be particularly interested in Canadian Northern securities and it is asserted that if the government purchases the remaining stock of the company their holdings, which have little real value at the present moment, will reach par value, with the result that there will be millions of money in the transaction for the Bank of Commerce crowd.

Mr. Graham in his speech which led up to the moving of his amendment expressed the view that the financiers behind the C.N.R., and not the owners of the system themselves, had asked the government to take over the enterprise. To the bondholders government ownership would be much more attractive than private ownership. They would find themselves the possessors of securities of a value that they had never anticipated. "To them," he said, "it will be a wonderful and a very profitable piece of financing." Mr. Graham went on to argue that according to the financial statements submitted to the house on behalf of the company it has money to carry on its financial undertakings for the present. Nevertheless, he was of the opinion that something should be done because the time has come when the people demand that parliament should cease giving further annual aid to the railways. But a method of taking over the road had already been provided by legislation. In 1914 parliament made a contract with the C.N.R. when the company was given a guarantee of bonds to the extent of $45,000,000 by which the road could be taken over in case of default. "I contend," he said, "that if there be default, then not by new legislation, not by expropriation, not by the purchase of stock should this property be acquired, but it should be acquired under the contract made between the parties in 1914. When the minister of finance introduced the measure in 1914 he assured us that this statute was so framed that in the event of any default the road would practically automatically come into the hands of the government. We made a contract with the Canadian Northern in 1914. They made a distinct contract with us. Now we are trying to get around that by new legislation which buys the stock. The minister of finance says that the country does not take the property, but becomes the possessor of 60 millions of stock and leaves it to arbitration, not to say, under this agreement, that the property is ours, but to say what we shall pay, as the value of its common stock, over and above the value of the property itself."

### Borden Claims Equity

Sir Robert Borden in reply said that if the government had proposed Mr. Graham's plan he would have been the first to oppose it. Mr. Graham had found fault with the proposal of the government because he said the Canadian Northern did not want this legislation. Almost in the same breath he announced that the Canadian Northern is actually or potentially in default. He had stated two inconsistent propositions. It was perfectly obvious, Sir Robert said, that the C.N.R. cannot carry on and must face receivership or liquidation unless something is done. The government had reached the conclusion that further aid to the road should not be provided unless the entire ownership is vested in the people of Canada through the acquisition of the balance of the stock.

The prime minister argued at some length that it would be unfair to the Canadian Northern to refuse to give the company an opportunity to establish the value of its stock before a properly constituted tribunal. Should the railway be taken over in its entirety, he said, the government would have to take over its administration with the attendent disadvantages of government operation. "The only distinction," he said, "between the procedure under the act of 1914 and the procedure proposed by the government at this time is simply this: In the one case we acquire absolutely the ownership of the road, by the absolute acquisition of all the stock maintaining the corporation as an entity, and using the corporate machinery for the purpose of operating the road in order that it may be brought under the direct administration of the government itself. That is the difference between the one proposal and the other." In closing he repeated that it would be unfortunate if the idea went abroad that Canada would expropriate a railway property without giving the owners an opportunity to establish the value of the stock.

### The Soldiers' Vote

The Military Voters' Act which was introduced by Hon. C. J. Doherty, minister of justice, makes elaborate provisions for taking the soldiers' vote in the coming election. There is to be a complete election organization created in England and France. In order to enable the soldiers to become acquainted with the issues and the candidates four weeks will elapse at the next general election between nomination and polling day. This will considerably lengthen the campaign because the four weeks time applies to Canada as well as to overseas. The soldiers will be free to cast their ballot at any time during the four weeks and also on election day, giving them 29 days in all. The minister explained that this law was necessary because of changed conditions since the law providing for the taking of soldiers' votes was passed a couple of years ago. There were now many times the number of Canadian voters in England and France that there were two years ago, and communication had increased in difficulties and hazards. It had therefore been decided that the old act should be superseded.

The new bill provides that all persons of the military and naval service, the aviation service and persons in either the Imperial Army or Navy, if they had enrolled in Canada, irrespective of their age, will have the vote. The distinction of sex is done away with, so that nurses will have the right to vote. Indians in uniform will have a like privilege.

In further explanation of the bill, Mr. Doherty said that a deputy returning officer would be appointed overseas and that in addition there would be a number of special returning officers whose duty it would be to distribute and collect the ballots. In France the ballots would be sent to the office of the Canadian commissioner, and in England to the secretary of the high commissioner for Canada. On this side of the Atlantic a general returning officer would be named. It would be his duty to receive results both from the constituencies in Canada and from overseas. He would make the formal announcement as to the successful candidate in each constituency, and not the riding returning officer. Results from overseas would be cabled him and the cabled message supplemented by a written message, which he must receive before announcing the result of the election. The minister further explained that the ballot which would be voted overseas would not contain the names of the candidates. The soldier would vote for the government, for the opposition, for the independent candidate, if there is one, or for a particular person, if he knows the names of the candidates and desires to make an individual choice. He said that every effort would be made to acquaint the soldiers at the front with the names of the candidates in each constituency. Polls would be established at every point where there are gatherings of soldiers and there would be provision for the appointment of scrutineers to represent both political parties. Provision is also made for recounts when such are demanded. Overseas the recount would be made by a judge to be named for the purpose by the Lord Chief Justice of England.

### Senate on Production

There was a discussion in the senate this week of a report made by a special committee which this season considered plans to increase the agricultural production of the Dominion during war time. The committee made a number of recommendations including the following:—

1.—That the government of Canada without delay should endeavor to encourage the breaking of a large acreage of wild lands in order that such new soil may be ready for cultivation next year and our productive capacity thereby increased.

2.—That if it is found necessary in order to encourage farmers to bring additional acreage under cultivation, that a bounty of a certain sum per acre be paid for every acre of wild land put under cultivation and off which a crop is raised during the next ensuing two years.

An alternative to the proposal of bounty was that the government should break land for the farmers at so much per acre and that the importation of Asiatic labor under certain restrictions should be permitted during the war.

It was noticeable that while the report received the approval of Senator Nicholls, Richardson and other Eastern business men, it did not strike members of the upper house from the West as being very practical. Senator Bostock, the opposition leader, said that the farmers do not want increased acreage so much as a supply of labor to cultivate the land now broken. He said that they would prefer free agricultural implements, including farm tractors, to the committee's proposal. Senator Watson and other Western men expressed similar views, while Senator Planta, of British Columbia, objected to the importation of Asiatic labor. Another quite obvious thing pointed out was that it is now too late in the season for the breaking of land for a crop next year so that nothing could come of any such plan until the summer of 1918.

### Laird Favors Lower Tariff

Senator Laird, of Regina, who was recently appointed by the present government, told the members of the upper house that the farmers of Western Canada are opposed to the principle of bonuses to bolster up industries and they would not be anxious to have it applied to themselves. He thought there was some merit in the proposal that the government should undertake the breaking up of additional land at a fixed charge per acre. He agreed that Western sentiment is strongly in favor of a revision of the tariff downward and predicted that after the war, if not before, the government of the day at Ottawa would have to make concessions to Western sentiment. The farmers of the West would be reasonable, he said, but they were strongly in favor of a scientific readjustment of the tariff which would among other things reduce the cost of the implements they use in connection with their productive calling.

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