

are absolutely necessary to keep this enterprise going. I do not see any necessity for the Government taking over control of the road. I believe the present organization can run the road better than the Government. I believe that sufficient money should be put up to pay off the company's indebtedness, and as much of the stock should be taken over as is available, for extra security—not that I think the stock is worth anything. I believe that five-sixths of the stock would be available. With five-sixths of the stock in their hands there would be no question as to the Government having control over the road, and if Mackenzie and Mann were not handling things properly, the Government would have it in their power to interfere at any time. That, of course, involves the next question, whether or not the Government should go on and buy out whatever the equity of Mackenzie and Mann may be.

At six o'clock the committee took recess.

After Recess.

The committee resumed at eight o'clock.

Mr. CARVELL: When the committee adjourned at six o'clock I was giving some reasons why I was opposed to public ownership of railways in particular, and of public utilities in general. I was pointing out that in my opinion the Government should put up whatever money was absolutely necessary to tide over the Canadian Northern for a year, and see what the future would have in store for us. I was pointing out, also, that in my judgment the personal element in the present Canadian Northern organization means a great deal. I still believe they can manage the affairs of the railway, both from the operating standpoint and from the financial standpoint, very much better than the Government of Canada could. I find, in looking over the statement laid upon the Table, as to the liabilities that are maturing within the next year, that \$3,000,000 of equipment notes are maturing; about \$10,000,000 of different bonds are maturing in London, and there are other large amounts of bonds payable on demand outstanding in Canada. There are also \$10,000,000 of demand securities for liabilities in London. Thus \$35,000,000 to \$40,000,000 of securities or liabilities mature within the next year, or on demand. The moment the Government of Canada takes over the stock of this road and makes it a Government-owned and Government-controlled proposition, depend

[Mr. Carvell.]

upon it every dollar of that money will have to be paid. It is very simple. The price of money is going up every day, and a man who has funds invested at four and a half or five per cent, with the Government of Canada behind it, will say: "I want the money," and the Government of Canada will have to raise it, because reinvestment can be made at a much better rate of interest. My contention is that if the Canadian Northern were still running this enterprise they could go to those people and say: "we cannot give you your money; there is no use talking about it, we have not the money, and we cannot get it; we will pay your interest, but you must renew the principal." I believe they could renew it on a basis that would mean millions of dollars over and above what could be done by the Government if it were taken over. If the Government takes the railway over it will have to pay every dollar in full at maturity, and will have to go to the markets of the world and borrow this money. Speaking offhand, I cannot see how we are going to get along on less than \$100,000,000 of actual money, which this country must produce next year if we take over the road, to carry out the proposals as set forth in this resolution, while, as I say, I believe the Canadian Northern organization could finance it on one-third of that amount. They do like the rest of us when we get hard up and cannot pay our debts in full. Of course, I know this does not apply to the Minister of Finance, because he has lots of money. When I say "the rest of us" I mean some of my friends around me.

Mr. GERMAN: Bailiff-proof.

Mr. CARVELL: We find, when we are up against the real proposition, we can do wonders in financing, which my hon. friend the Minister of Finance would not have to do, because with him it would be simply a matter of drawing a cheque. The Government would be in exactly the same position as is the Minister of Finance personally. "But," the Government says, "we are not going to do that; we will eliminate the Canadian Northern, except, possibly, we may try to keep some of the organization for operating purposes—subject always to the control of the politicians, and we are going to have an arbitration to decide what, if any, equity remains in this thing for the Canadian Northern." I do not know whether there is an equity in it for the Canadian Northern. If I read correctly either the majority or the minority report of the