

amount at par of the Canadian Northern stock then, to that extent, the \$25,000,000 shares will be in the hands of people who have paid \$100 a share for them.

Then my hon. friend from Welland (Mr. German) asks:

Mr. German: Has the balance of the \$70,000,000 been issued?

Mr. White: I am unable to say, but I believe the balance of the issue has been issued, it is reported as issued.

Mr. German: And for what consideration and to whom?

Mr. White: I am unable to say. I shall deal with that in a few moments.

Then the Minister of Finance says further on:

The \$70,000,000 is the authorized stock of the parent company under legislation of this Parliament, one-tenth of which the Government acquires in consideration of a subsidy which is above the ordinary, but which, I believe, is justifiable, having regard to the facts I have laid before the House. That is the position.

Therefore, the hon. Minister of Finance made the distinct statement last year that what the Government was getting was \$7,000,000 out of the \$70,000,000 that had been issued in return for the guarantee of \$15,000,000. He uses the words, 'one-tenth of which the Government acquires in consideration of a subsidy,' that is, one-tenth of the \$70,000,000. Then, my hon. friend the Minister of Finance, at page 11728 of 'Hansard,' reiterates that statement, as follows:

The Government has made a greater forward advance upon any policy in the past by reason of the fact that it has acquired, in respect of the larger subsidies, seventy thousand shares or one-tenth of the capital stock of the Canadian Northern Railway Company.

Then my hon. friend from Welland (Mr. German) very aptly says:

Mr. German: My hon. friend says that \$25,000,000 worth of the stock is held by the Canadian Northern in trust and \$45,000,000, the balance of the stock, has been issued to Mackenzie and Mann or the contracting company. Out of which stock does the \$7,000,000 come?

Mr. White: The \$7,000,000 could not come out of the \$25,000,000, because that is held in trust.

Mr. German: If Mackenzie and Mann have earned \$45,000,000, why give them \$7,000,000?

Mr. White: I am sure my hon. friend does not want to put words in my mouth that I did not use; I am not in a position to state that the balance of the stock has gone to Mackenzie and Mann. The stock is not listed in any exchange.

Further down the minister says:

The point I am making is, that the legislation under which the stock of the Canadian Northern Railway Company was fixed at \$70,000,000, is the legislation of this Parlia-

ment, and the contracts under which that stock has been issued, are contracts which I have no doubt are valid under the law of the province in which they were made.

Therefore, my hon. friend the Minister of Finance unquestionably led this House and the country last year to believe that what we were getting from the Canadian Northern railway was \$7,000,000 of the common stock of that company, which formed part of the issue of \$70,000,000 then existing. At no time did he, by any language or by any inference that could be drawn from language, suggest to this House that what the country was getting was a new issue of \$7,000,000 which was to be made by the Canadian Northern, supplementary to the \$70,000,000. As the Minister of Finance has undertaken to question the statement I made the other day, I take this opportunity of bringing to the attention of the committee and of the House the record which shows conclusively where we were last year, and that either the Minister of Finance did not know, when he was placing that proposition before the House, that Mackenzie and Mann were to issue \$7,000,000 more; or, if he did know, he took very great pains to conceal the fact from this House. Unquestionably the understanding of the House and of the country was as I stated. It was not until the hon. member for Calgary (Mr. Bennett), in the beginning of this session in the Railway Committee, examined the solicitor for the Canadian Northern, that we discovered that what we had got was a supplementary issue of stock which nobody ever suspected we were getting. The result is that this \$7,000,000, which we supposed to be such splendid security for the \$15,000,000 that we gave for it, is nothing more or less than a supplementary issue of the stock of this company sold to the Government at the rate of \$210 per share.

Having disposed of that question in such a way that there can be no doubt whatever as to what was meant by the hon. Minister of Finance last year and what he led this House to believe, I come to the consideration of the most vital point in the resolution, namely, section 1. The language of that section is as follows:

That His Majesty on behalf of the Dominion of Canada may aid the construction, completion, equipment and betterment of the Canadian Northern System by guaranteeing payment of the principal and interest of the bonds, debentures, debenture stock or other securities, hereinafter called the guaranteed securities of the Canadian Northern, to an amount not exceeding forty-five million dollars (\$45,000,000) which guaranteed securities, to the extent aforesaid, the Canadian Northern is hereby