A question has been raised as to what really are the terms offered in view of the offer made in the last paragraph but one of the letter.

It is quite apparent that when the Minister of the Interior had made his offer to the Grand Trunk Railway Company they did not quite grasp what the offer was. That is followed by another letter written by the same Mr. Smithers, addressed to Sir Robert Borden, and dated August 2. It is as follows:

Dear Sir Robert Borden,—

I received a letter from Mr. Meighen dated July 11, on July 15th. I acknowledged the letter to Mr. Meighen immediately, and said I would submit it to my board for consideration. This I did at the meeting of the board on Friday, July 19. A question was then raised as to the interpretation of the last paragraph but one of Mr. Meighen's letter. As Mr. Meighen had left for Canada, I asked you for an explanation which I have received in a letter from you dated the 29th July.

It was therefore apparent that the Grand Trunk Railway Company did not really understand what the Minister of the Interior was referring to as the terms of the Canadian Government. I think that it may be said as an added remark of congratulation to the Minister of the Interior that he was apparently putting it all over the Grand Trunk Railway Company in London. Then, coming down to the resolution in question, there is one thing that is bothering me at the present moment. I am not going to put this question to the Minister of the Interior (Mr. Meighen) because it has not a legal bearing; I am going to ask the Minister of Railways and Canals (Mr. Reid)—if he is not overworked—because it is a question of fact. Why is it that apart from the guarantee by the Government of the debenture stocks and the four per cent guaranteed stock, he is now preparing new stock to be called the new guaranteed stock? What is the object of that?

Mr. REID: I was going to say to my hon. friend that this is really a legal question. However, even if I am not a lawyer, I may perhaps be able to give an answer that will explain it. The new stock that is to be issued is to replace the first, second, and third preference and common stocks. For whatever award is made with respect to these different stocks, new stock will be issued and these other stocks will disappear.

Mr. DEVLIN: Then I understand the minister to say that the arrangement of the Government is simply to continue guaranteeing the guaranteed stock, drop the first, second and third preference and common stocks, and issue new guaranteed stock?

Mr. REID: No, to issue new non-voting stock. First, second and third preference and common stocks would come into the possession of the Dominion Government, and then new guaranteed stock of a non-voting character would be issued to the amount of the award.

Mr. DEVLIN: How will that new guaranteed stock be allotted?

Mr. REID: The arbitrators will decide the value of the holding of each stockholder.

Mr. DEVLIN: The arbitrators decide the value, but how will the new stock be allotted?

Mr. REID: The board of arbitrators will allot it.

Mr. MEIGHEN: That is provided for in the letter of the 9th of October that finally closed the arrangement, subject to Parliament. It was intended to arrive, if possible at some arrangement prior to the arbitration; that is to say, to leave it in some way to the holders of these stocks, but fuller consideration convinced the officers of the company that it would likely be very difficult, if not impracticable, for the holders in any reasonable time to agree on the apportionment, and so finally they asked that it be submitted to the arbitrators under the belief that the shareholders would agree to submit their respective and, in part conflicting, claims to the board and thereby finally determine the whole question.

10 p.m.

Mr. McKENZIE: I am not quite satisfied with the argument of the President of the Privy Council with respect to the Grand Trunk Pacific. His argument is that if it was good policy, proper and right, to build the Grand Trunk Pacific, it must be worth whatever claims are against it, whatever claims have been saddled upon it.

Now, that is an absolutely groundless and almost a ridiculous argument. The minister (Mr. Rowell), with his usual facility for stirring up enthusiasm to carry him over a difficulty, made an effort to arouse his friends and the press of the country by saying: "Then this railway, having been built, it is all right and we must stand by it." That is no argument. This is a cold-blooded proposition in dollars and cents as to whether or not the Grand Trunk Pacific is worth in money the claims standing against it, and it must be ascertained entirely apart from sentiment. I do not see where there is room for sentiment here; it is a business proposition. The Grand Trunk Pacific Railway Company is an entity, and it is cer-