

Mr. RALSTON: There is the matter of the third reading.

Mr. BENNETT: I think my hon. friend is wrong in going on, but I did not want to take the question up myself.

Mr. SPEAKER: The hon. gentleman may proceed.

Mr. RALSTON: I understood the motion was for the third reading and I am speaking on that. I will not be long and I think what I have to say should be put on record. Further, my hon. friend has intimated that there was some disposition on my part against this proposition, and that objection should have been removed when the change in the financial arrangement was made. May I point out that when the change in the financial arrangement involved a payment of something like 7.31 per cent on the money going into the company, and when this country can borrow money at  $4\frac{1}{2}$  per cent, it seemed to me that it was not good business to take part in a proposition in which the financing cost as much as that.

In the matter of control, as I also intimated, there was no control whatever by the Canadian National. The whole purpose of the hotel was to be a feeder to the railway. That purpose was gone completely if the control was held by individuals who had not the interest of the railway at heart, but whose first endeavour was to earn interest on the bonds and dividends on preferred stock. The advertisements disclose that the chief ground upon which the public were asked to subscribe was that the railway had subscribed to this undertaking and it was further pointed out in the advertisement that the public subscription would be annulled unless the railway subscription were gone on with, indicating clearly that the whole basis of the financial scheme was that the railway should support it. If that was so and the railways were to stand behind the scheme, and if the scheme was really dependent on the railways, then it seemed to me that there was no reason why the company should pay the \$94,000 to underwriters which was required under that scheme. It seemed to me that the situation was this. If the project was going to be successful, there was no reason why the railway should not take it on entirely as a railway proposition, and if it was not going to be successful the railway would eventually have to take it over anyway to save their investment and to see that the interests of the road were protected.

My friends opposite have been very solicitous in suggesting hands off the Canadian National Railway, but they only wanted hands

[Mr. Speaker.]

off the railway when the situation was that the railway was, for want of something better, acquiescing in a scheme which they desired, but when the railway propose a scheme that is more for the interests of the railway, the suggestion is now that the management of the Canadian National Railway in that respect shall be blocked and throttled.

There is one other thing to which I want to refer, and that is the telegram read by my hon. friend which was sent by myself to Mr. Silver in which at the end of the telegram I said something to the effect that I would continue to support the Canadian National railway hotel unless private interests saw fit to take the project over.

Mr. BENNETT: What was the date of that?

Mr. RALSTON: September 23. I asked my hon. friend to read the other two telegrams.

Mr. BENNETT: He did not have them.

Mr. RALSTON: Mr. Silver's telegram of September 24 reads:

Telegram received. Regret your decision which people here find hard to understand, as it is felt that the participation of all transportation lines entering Halifax is essential to any modern hotel proposal irrespective of who builds it. This is the broad view held by other transportation companies, and it was thought would appeal to you especially as your objections have been so fully met. You, of course, are entitled to your personal views, but in the interests of the province generally, don't you think the proposal which has been approved of by the responsible heads of the two great transportation systems, and I am informed the Minister of Railways also, is worthy of consideration from the broad standpoint of the benefit the immediate construction will be to the whole province?

I wired him on September 25, as follows:

Wire received. Regret do not see how government's position can be made any plainer than in my wire. Participation of both railway companies is not a new feature. It was involved in scheme first submitted, but that is not the point of government's decision. Let me repeat that the decision of the cabinet was not to approve large expenditures like this for matters outside ordinary railway undertakings without their being submitted to parliament in railway budget. This decision was arrived at and announced on July fourteenth, and therefore do not see how there can be the difficulty you suggest in understanding the situation. Your information is quite incorrect when you suggest that Minister of Railways did not share this view; he concurred in it fully. Concerning approval railway heads, may I refer again to Sir Henry's statement published in Herald July twenty-first to effect that C.N.R. hotel was in accordance with original desire of management and that appropriate amount for this purpose would be submitted in next railway budget. It is because considerations which