

would enter into possession of the property of the company the moment default was made, that support was found in sufficient numbers among the followers of the Government to pass that legislation through the House. But, Sir, those promises made by the Finance Minister and the Solicitor General have been thrown to the winds, and we are now asked not only to take possession of the property of Mackenzie and Mann under the legislation I referred to, but we are asked to pay for it at a price to be ascertained, notwithstanding the fact that the commissioners who were employed to report upon the proposition stated the common stock had no value whatever. The hon. member for St. Antoine (Sir Herbert Ames) also spoke in the debate, and he rejoiced over the fact that the Government would be able to enter into possession of this property without any further litigation and without any payment. As appears on page 3733 of Hansard, 1914, he said:

There is another feature of this matter which, I think, is well worthy of consideration. What is to happen in case of default? We have hitherto been dealing with the situation in case of success; the Government has very carefully looked ahead in regard to what might happen in case of failure. Ordinarily it is a very slow process to foreclose a railroad and for the bondholders gradually to take possession of the physical assets thereof. The Government in this case, however, has supplied a method of quick procedure whereby the axe drops instantly and whereby there can be no coming back for further assistance. It is definitely stipulated in this undertaking what shall constitute any event of default. It is so clearly defined that there can be no possible misunderstanding. Should the Canadian Northern railway fail to pay interest on the securities which are to be issued in connection with the guarantee which we are now authorizing, or should they fail to carry out any of the conditions in the trust deed as accompanying that guarantee, they would commit an event of default. Should the Canadian Northern on any of the previously guaranteed securities or hereafter guaranteed securities fail to pay the interest, they would commit an event of default. If any part of the system goes into the hands of a receiver; if any branch of the whole tree shows signs of decay that is an event of default, and in any of these events the Government can drop the axe without delay. I have heard this agreement described somewhat as a case where the culprit has confessed judgment and has been let out on suspended sentence. Some elements of the agreement certainly can be compared with such a case. The trial is over. The applicants for aid admit that without our help they cannot complete the road. We have undertaken to give them a last chance and it will never be necessary for them to come here nor will it be necessary for Parliament to listen to another discussion such as is taking place this session. They have been tried; I may almost say they have been found guilty and let out on suspended sentence. If there is an event of default; if they fail to perform

[Mr. Kyte.]

the obligations that by this new trust deed are placed upon them, the axe drops and that is all there is to it. There is a summary method, therefore, by which the Government steps in and takes possession of the whole enterprise. The Government can replace the directors by Order in Council; the new board of directors will have all the rights that would be given by a board of directors elected by the shareholders and they can deal with the physical property as they see fit. Then the Government can declare the mortgage foreclosed, and can enter into the benefit of the equities, subject, of course, to the consent of Parliament. If the Government, in such event, enters into control, it may become the owner of the system by assuming the responsibilities and powers as provided by this proposed legislation. The Government could then arrange the whole financial system involved so as to protect all concerned. The Government can operate; the Government can lease, or the Government can create a new railway company to manage the road and enter into ownership if so desired.

The Minister of Finance stated this evening that the fundamental principle contained in the Bill now before the House is the principle of government ownership. He says that they are about to secure the possession of this great railway enterprise, and that the aspirations of certain classes in this country will be realized as regards the government ownership of this railway system. But from the speech I have just read, which was delivered by the hon. member for St. Antoine in 1914, and from the speech delivered by the hon. Minister of Finance in 1914, this legislation is not necessary because under the legislation of 1914 they can take possession of the property and either lease it to another corporation, create a new company, or operate it as a government railway. Why is it that the Government have changed their minds? Why is it that the proceeding which appeared to them so plain and simple in 1914 is not feasible now? We know that certain transactions have taken place in regard to the common stock of the Canadian Northern since 1914, and this notwithstanding the statement made by the Minister of Finance that the door would be closed and that the stock would remain in the treasury of the Canadian Northern. An argument has been made that Mackenzie and Mann have equities in the common stock of the Canadian Northern, that there is some value in it to be ascertained. I read from the Drayton-Acworth report a moment ago the statement of these commissioners that the common stock has no value whatever. If so, what in the world is the Government going to arbitrate for? I have the figures which were compiled from that report and I find the following: