

to issue its stock as fully paid-up, without any payment being made upon it?

Mr. MEIGHEN: There was no stock issued as fully paid up without any payment being made on it.

Mr. MACDONALD: How do you know?

Mr. MEIGHEN: Well, because I know.

Mr. MACDONALD: There are a good many things the hon. member knows about this that are not known to the House, and he will not tell them to the House.

Mr. MEIGHEN: If any stock was issued without anything being paid on it, it was done under the authority of legislation in which the hon. gentleman concurred.

Mr. GERMAN: There was \$70,000,000 of Canadian Northern railway stock issued to Messrs. Mackenzie and Mann that was not issued by the authority of Parliament, and was issued by the directors of the Canadian Northern Railway Company.

Mr. MEIGHEN: Under authority of Parliament.

Mr. GERMAN: Not on the authority of Parliament. There was no authority of Parliament to give it to Messrs. Mackenzie and Mann. It was supposed to be issued, if issued at all, for valuable considerations; but it was issued practically for nothing, never a dollar was paid for it and the hon. gentlemen are extending that to \$100,000,000.

Mr. PUGSLEY: And declaring it fully paid up.

On section 1—Guarantee of \$45,000,000 authorized:

Mr. GRAHAM: This first recital is the basis of the whole discussion. This settles the question whether or not we are going to give the \$45,000,000. For myself, not only do I think we ought to have some discussion on this, but, personally, I want to vote against that clause.

Mr. MACDONALD: We have had some discussion as to whether or not the House was aware that the \$7,000,000 of extra stock that was issued last year was to be issued by the company. The Minister of Finance has taken some pains to impress on the country and on the House that he himself had been in no way deceived when it was learned afterwards by the House that \$7,000,000 of stock, in addition to the

[Mr. Pugsley.]

\$70,000,000, had been issued by the Government. I asserted the other day that the intent and belief of the House was that what Canada was getting was \$7,000,000 out of the \$70,000,000 of stock of the Canadian Northern railway then existing. I venture to say that, as a matter of fact, this was generally understood until the hon. member for Calgary (Mr. Bennett), in the Railway Committee very early in this session, by certain questions which he addressed to Mr. Ruell, solicitor for the Canadian Northern railway, elicited the fact that the security which Canada got last year in the \$7,000,000 was stock additional to the \$70,000,000 which had been issued by the company. On looking at 'Hansard' of last year, we find exactly what the Minister of Finance said in regard to this question; and I should think that, before we proceed to pass in committee this section, which is the enacting section of the whole resolution, it would be just as well if we understood where we were last year in reference to the matter. Here is what the Minister of Finance said last year, at page 11724 of 'Hansard,' under date of the 3rd of June:

We have obtained from the Canadian Northern Railway Company, 70,000 shares of the par value of \$7,000,000 of the stock of the Canadian Northern Railway Company. The question naturally arises, what is the value of that stock? The Minister of Railways has indicated that it is of indeterminate value. At the same time, it has been deemed of very considerable value.

Then he goes on to discuss whether the stock is saleable or not, and he says that he knows of one or two sales which have taken place:

I may say that there is \$25,000,000 of common stock of the \$70,000,000 issued by the Canadian Northern railway that is held in trust to be availed of, if they so elect, by the holders of the income charge convertible debenture stock outstanding.

That is a fact, as stated by the Minister of Finance, which it is just as well to note in regard to this stock transaction. He says that \$25,000,000 of common stock of the \$70,000,000 issued by the Canadian Northern railway is held in trust for this income charge convertible debenture stock so as to enable it to be exchanged. Then my hon. friend from Halifax (Mr. McCurdy) says:

Mr. McCurdy: Is the \$25,000,000 which was reserved to meet the convertible bonds in addition to the \$70,000,000?

Mr. White: The \$70,000,000 is the entire authorized issue, and if the holders of the income convertible stock elect to take a like