

am not going to refer to what they said when they were in opposition, or remind the House that they made a complete right about face when they got into power. Two wrongs do not make a right. My hon. friend has a right to expect consistency and sincerity somewhere in the House, but he will not find it in the gentlemen around him.

In the first place I am going to take up what was said by the Acting Minister of National Defence. He made a point which would be a perfectly good one if it were well founded—that was as to the right of the railway management to spend public moneys, that they were responsible for the expenditure and could undertake the obligation. The trouble is the hon. gentleman was quite wrong. The statute shows absolutely the contrary of what he was alleging. I may say that I have not had the same opportunity of studying this statute that other hon. gentlemen have had; it was passed before I entered the House. However, I will take my share of the responsibility although I was not here when this legislation was enacted. Now, the question of new lines is dealt with by section 23 of the Act to Incorporate the National Railway Company which provides:

With the approval of the Governor in Council and upon any location sanctioned by the Minister of Railways and Canals—

The committee will see two checks there. The first is that the minister has to pass upon this capital expenditure, and afterwards the Governor in Council has to do the same thing.

—the company may from time to time construct and operate railway lines, branches and extensions, or railway facilities or properties of any description in respect to the construction whereof respectively, parliament may hereafter authorize the necessary expenditure, or the guarantee of an issue of the company's securities. A copy of any plan or profile made in respect of any completed railway shall be deposited with the Board of Railway Commissioners of Canada.

Hon. gentlemen will see that we have here a thorough and most complete check, the check of parliament. These lines can only be built either by money voted by parliament, or else guaranteed by parliament, so that we have a complete check through parliament, the department, and the Governor in Council on these capital expenditures. The thing is so clear I am not quite sure that the Acting Minister of National Defence, seeing the necessity of a smoke screen of some kind, did not utter the first thing that came into his head. He really could not have considered the submission he was making. That is all I wish to refer to, because the thing is very clear.

Now I invite the attention of the hon. member for Dorchester to my next point. The position of the directors of this road is the same as the position of the directors of an ordinary railway company. I think my hon. friend will agree with that. It has not advanced beyond that point. Then, Mr. Chairman, I want to point out that there is a substitution of the shareholders under the act for the Governor in Council. The people of Canada are the shareholders, represented by the Governor in Council, in so far as powers under the act to be exercised by shareholders are concerned. My hon. friend will find that section 9 of the act of 1919, chapter 13, makes that absolutely clear. It reads:

When, under the provisions of the Railway Act or any other statute or law, the approval, sanction or confirmation by shareholders is required, such approval, sanction or confirmation may be given by the Governor in Council.

So that the committee will see that what has been done under this act is very plain. The directors have the right to carry on business just exactly in the same way as the directors of any other railway company have, and for the shareholders their powers, votes and meetings is substituted the action or the consideration of the Governor in Council. The thing is perfectly clear, therefore. I need not elaborate the point with my hon. friend for Dorchester. He would not for one moment contend, I take it, under the provisions of the Railway Act, that directors can enter new fields, and hazard the capital of the company in new ventures, without the assent of the shareholders. I think we would all have to admit that. Then if that be the case, the position is the same, so far as this board is concerned. They cannot enter new fields and they cannot risk the country's money without the government, acting for the shareholders, assenting. I take it we can have no dispute down to that point. So that the whole result is that these directors have no greater powers than any other directors. They are just in the same position.

Mr. GRAHAM: They have just as much power.

Sir HENRY DRAYTON: Just as much, but no more, and if my friend will consult the legal members around him, I think they will agree that that is absolutely correct. The proposition then is that these directors can do the same as any other directors. They can carry on the ordinary every day business of the company without submitting it to the shareholders for approval, but if they desire to go into new fields to make capital expenditures, they have to come, as provided by