

than to the two main lines that the country is going to have on its hands. The people of Canada would not permit the Canadian Northern to become a part of the Canadian Pacific Railway system. There is another thing that the Canadian people will not stand for in my judgment. The Canadian people will not stand for any more millions being poured into the coffers of the Canadian Northern as long as it is in the hands of Mackenzie and Mann.

I am glad to know that in this House there is very little difference on the question of principle. As far as I have been able to discover in this debate, it is generally accepted on both sides of the House that the Government has to take over this road and it is simply a question of terms. There is one point that I want to bring to the attention of the Government and that is that in the interest of the people the Government has to be mighty careful that nothing is allowed to be done which under any circumstances would allow the old Grand Trunk Railway Company of Canada, either by purchase, lease, or traffic arrangement to come under the control of the Canadian Pacific Railway Company. I believe that we are going to be forced into the position of taking over all the railways of the country except the Canadian Pacific Railway, and if we have to take that position it is absolutely essential for the West that we shall have the Canadian Northern branch lines to gather freight in the West and that we shall have the Grand Trunk lines to gather freight in the East. If you have that you have something to work upon, you have a chance to put these roads in such a position that they will eventually become paying propositions. If, on the other hand, through any carelessness in dealing with this matter, the old Grand Trunk Railway Company should be allowed to get into the hands of the Canadian Pacific Railway, you would have all the gathering power of the Canadian Pacific Railway at this end and in the West, plus the gathering power of the Grand Trunk in the East, contributing to make one main line pay handsomely, while the other two main lines from the Atlantic to the Pacific would be starved.

Another thing has to be considered—it was pointed out by an hon. member yesterday—and it is that the railway companies are asking for an increase of freight rates. It was stated yesterday that they want an increase of 10 per cent, whereas, my

memory is that they have asked for an increase of 15 per cent. If an increase of 15 per cent in the freight rates is necessary to make the Canadian Northern and the Grand Trunk pay, it is certainly not necessary to grant such an increase to the Canadian Pacific Railway. But, if it is done for one it has to be done for the other. You cannot give an increase of freight rates to the Canadian Northern and the Grand Trunk without allowing the Canadian Pacific Railway to take advantage of these increased rates. The result would be that we would probably be handing over \$18,000,000 or \$20,000,000 a year to the Canadian Pacific Railway. Under the circumstances there is no necessity for doing that. Therefore, if this proposition will cost the country something it will not cost it any more than it would if we gave them an increase in freight rates. The biggest objection that has been developed in connection with the debate so far is as to the amount that might possibly be paid to Mackenzie and Mann. Personally, I do not think there is a great deal coming to Mackenzie and Mann. I am also of the opinion that, if there is not much coming to them, under a fair arbitration, there will not be much given to them.

One arbitrator, whose duty it will be to see that not more than a fair value shall be given to Mackenzie and Mann, will be specially appointed by this Government; another will be selected by the railway company, and a third by the first two. These men will surely approach their duties with honest intention and open minds. If it is found that nothing or only a small amount is due to the Canadian Northern Railway Company, it is absurd to talk about \$50,000,000 or \$60,000,000 being paid out. I have a good deal of faith in the honesty of arbitrators when they come to deal with a question of this kind. I have hope that if nothing is due, nothing will be paid. According to the Drayton-Acworth report, the commissioners are not against arbitration. I quote from page LXII of the report:

And if in recent years the Canadian Northern shareholders were carried away by a wave of unreasoning optimism, at least it may be said for them that almost the whole population of Canada shared their expectations. We think that, on the whole, the equity of the case would be met if the Canadian Northern shareholders were permitted to retain a moderate portion of the \$60,000,000 of shares which they now hold.

On page LXXXVII they say:

We recommend that the question be considered whether Canadian Northern shareholders