

ations involved. I hope my hon. friend will not press me on that point and I shall not make any representations with respect to the site, not because I do not feel free to discuss it, except for the legal aspects.

Mr. BENNETT: If the minister says that it is in the public interest not to discuss it, I shall not proceed with that aspect of the matter.

Mr. DUNNING: I only wish to say that what was done with regard to the site was done by my hon. friends opposite. I will say that much and I believe my hon. friend will agree that that is fair. Beyond that I do not wish to go.

Mr. BENNETT: I cannot let that pass. It was done by the railway. The railway bought whatever site was bought.

Mr. DUNNING: Under the authority of this order in council—

Mr. BENNETT: Quite so.

Mr. DUNNING: —as part of the arrangement decided in this letter which I have just read and upon the basis of which the order in council was passed. How are we going at the matter? An agreement has been entered into and has been confirmed by order in council by the government, under which agreement, on account of the modification of some of the obligations on the part of the city of Vancouver, and the complete elimination of others, the Canadian National Railways are to construct an hotel in Vancouver, commencing construction in the fall of the present year, 1928. We come to parliament this session with \$100,000 in the estimates of the Canadian National Railways for the purpose which I have just indicated. That amount of \$100,000 is expected to be expended in the present calendar year and that provision is being asked for as part of the \$39,000,000 appropriation which is now under consideration by the committee.

No, our condemnation, if condemnation it be, of the Vancouver situation, does not rest upon the dispute between the Canadian National and the city of Vancouver itself under the old agreement, nor upon whether or not an hotel should be built there by the Canadian National as a means of settling that dispute. It rests upon the means which were taken to carry out that undertaking. That is our quarrel with the whole transaction.

Mr. BENNETT: I think my hon. friend will admit that the Canadian Pacific construct some of their hotels on a cost plus basis.

[Mr. Dunning.]

Mr. DUNNING: I believe in some instances that is the case. Perhaps my hon. friend will be kind enough to tell me when the Canadian Pacific paid cost plus 7½ per cent for the construction of an hotel?

Mr. BENNETT: My recollection is that one of the contractors told me he was getting that now.

Mr. DUNNING: I would like to have some proof of that.

Mr. BENNETT: I may be mistaken, but I think that is what he told me.

Mr. DUNNING: My hon. friend will admit this, I am sure, that only under very exceptional circumstances would he adopt the cost plus method and that he would censure us very severely if we undertook as a general principle the cost plus basis for our public works.

Mr. BENNETT: As a general principle.

Mr. DUNNING: And particularly where the construction is of a standard type such as a hotel similar to that contemplated in Vancouver.

Mr. BENNETT: That is the reason it is done on the cost plus basis, because it is not standard.

Mr. DUNNING: We will leave it at that, and the next time I feel compelled to do something on the cost plus basis I feel sure that I shall have the support of my hon. friend if the matter comes up in the house for discussion. I try to avoid cost plus as far as possible, because there is always around it an element of suspicion in connection with public works. Private enterprise can sometimes make a better deal on a cost plus basis than public enterprise in calling for tenders, but always those opposed to the administration of the day will be suspicious of an undertaking involving the cost plus basis, except in very exceptional circumstances. Those circumstances do sometimes arise in connection with all public undertakings. After all, we must look at a matter of this sort from a broad standpoint, apart from the discussions that occur between my hon. friend and myself, and I ask this committee to consider whether, seeing that we have a publicly owned railway system extending from coast to coast, with harbour terminals on both the Atlantic and the Pacific, is it not desirable, having regard to modern transportation developments, that the railway system should have an hotel of its own at each of its ocean portals?