be no object in doing that. The Government do not propose to charge this new stock on anything. It will simply be a new non-voting stock and the guarantee of the Government will be given that the four per cent interest will be paid. Nothing else is necessary, consequently nothing else is done.

Mr. CAHILL: I thought that the minister was making an error in his statement. I wish he would be good enough to follow me now, because he has a sort of hazy idea about figures at any time. I quote from one of the letters sent by the minister:

> The Government to make annual payment of $2,500,000 for the first three years, $3,000,000 for the succeeding five years, and $3,600,000 annually thereafter; such sums to be distributed by the Grand Trunk management as they might determine, among holders of 4 per cent guaranteed and other stocks.

That was what the Government originally proposed to arbitrate. But now you do not propose to arbitrate that; you propose to give them the four per cent, or $2,500,000 in interest, before you start to arbitrate anything. I wish the minister would answer my question.

Mr. MEIGHEN: I will, and the hon. member will be sorry he got annoyed so soon. That is not the arbitration proposal at all. The hon. member is quoting a reference to the cash proposal, and if they had accepted the cash proposal there would have been no arbitration. The reference to the arbitration proposal is later on in the letter. I quote from page 8 of the correspondence:

> Should such terms not be accepted,—

That is, the cash offer.

> —it was suggested—

That is, in the previous cable I referred to.

> —that the amounts in question might be submitted to arbitration. These proposals met with no acceptance.

The next paragraph is immaterial. I quote the succeeding one:

> We are now prepared—

It reads "not prepared," but that is a misprint; it should be "now prepared."

> We are now prepared to abide by the proposals submitted to you in February last as to acquisition or we are prepared on behalf of the Government to submit the entire question of remuneration to a Board of Arbitration on the following general terms:
>
> 1. The board to consist of three persons—

And so on.

> 2. The board to have full power as to the procuring and acceptance of evidence.
> 3. The award to be by way of annual rental for a term of 999 years—

And so on.

> 4. Conditions arising or that have arisen out of the war not to be taken into account—

And then:

> Should the company desire the guaranteed stock may be treated as an obligation in the same way as the company's bonds.

That is the original proposal. That is now lived up to in the present proposals.

Mr. CAHILL: That practically takes up the $2,500,000?

Mr. MEIGHEN: Yes.

Mr. CAHILL: On what basis does the Government then purpose to arbitrate the rest of it?

Mr. MEIGHEN: We arbitrate the value of the other four stocks.

Mr. CAHILL: But you have changed from the original view that you would give $2,500,000?

Mr. MEIGHEN: Certainly.

Mr. CAHILL: Now you give that outright and start to arbitrate something else?

Mr. MEIGHEN: The arbitration proposal then was this: If you care we will either pay the dividend amounting to $2,500,000 on your guaranteed stock as a bond and arbitrate for the rest, or pay you this amount which means you will get so much for the rest; you will get nothing for it for three years; then you will get $500,000 a year, and thereafter you will get $1,100,000 a year for all time. If you do not care to take that, we will arbitrate on the whole, and that arbitration proposal they have now accepted. There is no mystery about the matter.

Mr. DEVLIN: In other words, do I understand the minister to say that with the exception of the four per cent guaranteed stock, the company is simply leasing the balance of the other stock for 999 years?

Mr. MEIGHEN: No, we are not doing that at all. As I explained last Friday, we want to pay an annual amount, that is, if we are called on to pay anything. We thought first of having that annual amount decided as the rental value of the road. Finding that impracticable, we sought another way of submitting virtually the same thing to arbitration, and we say: We will take these stocks, the three preference and the common, and we will pay four per cent on the value of them, but we will become absolute owners of these stocks; we will substitute