duce something from nothing. What you are adding in the present instance is the guarantee of the Dominion of Canada, which is worth money. You are making a present to the Grand Trunk Railway Company outside of the fact that you are buying the concern. It is all right to buy the concern if you want to, but you should not buy the concern and make a present to the holders of the debenture stock and the four per cent guaranteed stock.

Mr. ROWELL: My hon. friend has overlooked one important fact in the argument he has made, and it is this: The guaranteed stock is in a real sense a preference stock. It is a prior charge on the assets of the company in a winding up of the company over the first, second, and third preference stocks and the common stock. If the company were liquidated the guaranteed stock would have to be paid in full before a dollar would go to the holders of any of the preference or common stocks. My hon. friend will agree with the further proposition that the first, second and third preference and common stocks are not a charge upon the assets——

Mr. CAHILL: Neither is the guaranteed stock.

Mr. ROWELL:—in the distribution of the property. If they are not a charge upon the assets then they have no value whatever until all the debts are paid and no value until the guaranteed stock is paid. Then take the figures given by the hon. member for Pontiac (Mr. Cahill). He said that at present market quotations the value of the first, second and third preference and common stocks is $28,000,000. With the Grand Trunk in default on its guarantee, with respect to the loan made by the Dominion of Canada of $10,000,000, and with the property of the Grand Trunk Pacific in the hands of a receiver, the market value of these stocks, after all debts are paid, is $27,000,000 or $28,000,000. What is proposed by the Government is simply to arbitrate the value of these stocks which on a market basis, with all liabilities discharged, have a value of $27,000,000 or $28,000,000. Is the Government under these conditions making a bargain that is unfair to the Dominion of Canada?

Mr. CAHILL: Yes.

Mr. ROWELL: I do not think my hon friend really means that; I am quite sure he does not. If the Government of Canada is taking over the property of the Grand Trunk, is it unfair to arbitrate as to whether these stocks have any value or not representing as they do an investment of over $200,000,000.

Mr. CAHILL: I am sure the minister does not wish to mislead the committee. The total issue at par of the first, second and third preference and common stock is only $180,000,000. So the holders could not have paid $200,000,000 for it.

Mr. ROWELL: The first preference stock represents £3,420,000; the second preference stock £2,530,000; the third preference stock £7,148,000; the ordinary or common stock £23,000,000: making a total of £37,000,000. I was in error in the actual amount.

Mr. CAHILL: Oh, yes.

Mr. ROWELL: I had the two figures before me, the preference and the debenture stock. The correct amount is £37,000,000, or $185,000,000 par value of preference and common stocks.

Mr. ARCHAMBAULT: Just a trifling difference of $100,000,000.

Mr. ROWELL: It is near the $200,000,000 par value of that stock.

Mr. J. H. SINCLAIR: But the minister will recollect that the common stock is included in that total, and it was not sold at par.

Mr. ROWELL: I said a moment ago that in my original statement of $200,000,000 I was in error because I had the larger figure of the debenture stock before me. The actual money put into the stock would not be so much as $200,000,000. The par value of the stock is $185,000,000, but it is all stock that was sold, as I understand it; none of it is watered stock.

Mr. VIEN: That is including the water.

Mr. ROWELL: I am informed that it was not watered. True, the common stock did not bring its par value, but it was all sold on the market and represents, according to my information about $100,000,000; I have not the figures here. But the point is, it does represent about $100,000,000 of money actually put in the road by the Grand Trunk Railway shareholders. And the Government is arbitrating with the Grand Trunk the value of the stock, which to-day is quoted on the market, according to the member for Pontiac (Mr. Cahill), at $27,000,000 or $28,000,000, and which represented an actual cash investment of about $100,000,000. I submit that on that showing