

decision to take over the Grand Trunk Railway system.

The Committee will remember that the Grand Trunk Railway Company, under the management of the late Charles M. Hays, decided in the year 1903 that the Grand Trunk Railway Company, in order that it might be able to compete on an equal basis with the Canadian Pacific railway, must extend their line into the territory of the Great Northwest. Accordingly, they applied to Parliament for and received a charter to build a railway from Winnipeg to the British Columbia coast. The Government of the day decided that they would construct a road from Winnipeg to Moncton and hand it over to the Grand Trunk Railway Company by way of lease. The facts in connection with this transaction have been discussed so often in the House that I do not intend going into any further details except to say this, that on the completion of the Grand Trunk Pacific railway and the Transcontinental railway, the Grand Trunk Railway system, or what is known as the old Grand Trunk Railway Company, held themselves responsible for the cost of operation and all liabilities that might be incurred in connection therewith. They refused to take over the Transcontinental between Winnipeg and Moncton, and the Government have been operating that railway since its completion at an annual loss of several millions of dollars.

On the completion of the Grand Trunk Pacific railway, the Grand Trunk Railway Company became responsible for the operation and fixed charges of the Grand Trunk Pacific. The Grand Trunk Railway Company on February 1 last refused to continue paying interest on bonds guaranteed by them, and accordingly the road had to go into the hands of a receiver. Let us see what assistance the Government of Canada had given to them up to that date over and above the original agreement that was made in connection with this railway. These are the items:

1 year—1909—loan	\$10,000,000	
1913 "	15,000,000	
1914 "	6,000,000	
1914 further guarantee	16,000,000	of their bonds
1916 loan	8,000,000	
1917 "	7,500,000	
1918 "	7,500,000	
	<u>\$70,000,000</u>	

It will thus be seen that a total of \$70,000,000 has been advanced to the Grand Trunk Pacific railway.

Of course, mortgages were taken on the road, but what good was that security if the road was losing money? Was it not better either to take over the road, or make some disposition of it that would stop further enormous yearly losses such as I have mentioned?

Why did the Government advance these loans to the Grand Trunk Pacific? It was because they believed it would be a national calamity to create a financial crisis while the war was on, and that so long as the road was able to meet or nearly to meet operating expenses it was better to defer final action until the war was over or the end in sight. However, when the Government decided that they would not consider any further advances to the Grand Trunk Pacific the whole railway question had to be considered. It was decided that the Grand Trunk Pacific should be operated under the direction of a receiver. The falling of the Grand Trunk Pacific into the hands of a receiver made the Grand Trunk system directly responsible for the securities guaranteed by them in respect of the Grand Trunk Pacific Railway. It was impossible for the Government to assume the Grand Trunk Pacific liabilities and release the Grand Trunk Company from their obligations. There was no question what would happen if the Grand Trunk were compelled to meet the obligations they had guaranteed—they could not possibly meet them. For this reason the Grand Trunk Railway has been pressing that negotiations be continued until a final decision had been reached.

The Minister of the Interior (Mr. Meighen) has already given the final results of the negotiations, and I wish now to refer a little more particularly to the position in which the Government will be placed. When the Grand Trunk system is controlled by and included in the Canadian National Railway system we will have the following mileage owned, operated, and controlled by the Dominion Government: Grand Trunk Railway system, 5,357 miles; Grand Trunk Pacific Railway system, 2,816 miles; Canadian Northern Railway system, about 10,000 miles; Transcontinental Railway system, 1,810 miles; Intercolonial Railway and branch lines attached thereto, 1,800 miles; or a total of 21,783 miles. That is, 22,000 miles, in round numbers, will be owned and operated by the Government of Canada. That constitutes the largest railway system owned or controlled by any one corporation on the American continent.