

treasury, and I think it would be well to have that cleared up.

Mr. J. D. REID: The hon. member (Mr. Robb) must have misunderstood my explanation. What I wanted to say was that the several railways—the Grand Trunk, the Grand Trunk Pacific and the Canadian Northern—required extra equipment in the way of cars, engines and rails. At the present time these railways are not allowed to put out loans. If they purchase equipment and issue bonds they cannot go on the money market of the United States and sell those equipment bonds, they are not allowed to do it by the United States Government. The British Government will not allow them to raise money in the United States. They have to get the consent of the Canadian Government to put their bonds on the Canadian market. In order to protect the public and the railways we are purchasing equipment of all kinds. When we purchase the equipment we pay for it, but we take the equipment bonds of the railway company, for instance, the Grand Trunk, and dispose of them at the proper time. The money will come back in that way. The conditions which I have explained are attributable to the war, and the Bill which I purpose to introduce will make provision for a term during the present war and for one year thereafter. The financing conditions are a little difficult, but the Government can take the equipment bonds from the railway, purchase the equipment and at the proper time dispose of the equipment bonds. We ordered a hundred thousand tons of rails the other day. Part of that order is going to the Grand Trunk railway, several hundred miles to the Canadian Pacific, some to the Canadian Northern and some to another railway in Quebec owned by the Delaware and Hudson. We will be able to sell the rails to the Canadian Pacific, and they will pay the money immediately. The Grand Trunk and some of the others may not be able to do this, and we will have to take their securities. This Bill is for that purpose and no other. When we get into committee honourable members will see the Bill, and it will perhaps be easier to understand it. The clauses of the Bill give information that probably the resolution does not.

Mr. ROBB: The minister has not quite cleared up the point I raised. I understand him now to say that the Government are to take the equipment notes or bonds of these several railways, guarantee them, I suppose, and give them in payment of the

[Mr. Robb.]

rolling stock. The legislation asked for authorizes the Government itself to issue equipment bonds. Does the minister consider these equipment bonds of greater value than national bonds issued in the ordinary way?

Mr. REID: If it were for the Canadian Northern we might issue equipment bonds. I do not consider them better. No man would admit that; no bonds in the world are better than Canadian Government bonds. But it is the custom of the railways to issue equipment bonds. I do not say it will be necessary to issue Canadian Northern equipment bonds but they can be issued and if on account of our taking over the Canadian Northern railway it is necessary for us to guarantee the equipment bonds issued by that company, there is no reason why we should not do it, because we own the Canadian Northern now. We are not asking for any powers here other than we should receive in connection with the operation of these railway systems. That is the opinion I get from the lawyers and solicitors who understand everything that is necessary in carrying on the operation of a railway.

Mr. SHEARD: Mr. Chairman, I would like to ask the minister—and I ask simply for information, not wishing to be critical—if, in his opinion, this resolution is not broad enough to authorize the purchase of the whole of a railway excepting the right of way, and, if the Government at any time saw fit, would it not be possible to convey that railway to any other corporation? I ask the question because I understand this resolution is preparatory to a Bill being introduced based upon the resolution.

Mr. J. D. REID: The Bill gives the answer to the question asked by the hon. member. It states that notwithstanding anything in the Act, or in any other statute or law, the minister, during the present war and for one year thereafter, with the approval of the Governor in Council, may acquire directly or indirectly, or assist in acquiring, engines, cars, rails and other railway equipment and material hereinafter called equipment, and so forth. This explains that the resolution relates only to equipment.

Mr. CAHILL: It seems to me that before this resolution passes, the Government should give the House a statement of its proposed policy with regard to the railway situation in Canada, which is undoubtedly one of the gravest problems with which we have to deal. We are told by the minis-