

the new board in Toronto on October 10. By order in council dated January 19, 1923, preference and common stock of the Grand Trunk Railway of Canada was declared the property of the government of Canada in accordance with the judgment of the Judicial Committee of the Privy Council.

I might say that was under the act passed in 1919, and that was the process by which the stock of the Grand Trunk became the property of the people of Canada. Under the agreement to which my hon. friend has referred the government of Canada guaranteed 4 per cent on what is known as Grand Trunk guaranteed stock. I think the amount is something like \$8,000,000 annually in round figures on the preference and common stock—

Mr. MEIGHEN: Two and a half millions on the guaranteed stock I think.

Mr. GRAHAM: Perhaps my figures are wrong.

Mr. MEIGHEN: Two and a half millions is right.

Mr. GRAHAM: The agreement under which the government became responsible for interest charges on the debentures and guaranteed stock (\$8,984,634.58 annually) left the value if any, of the preference and common stock to be decided by arbitration.

Mr. MEIGHEN: Certainly, if you include the debentures, but you said only the guaranteed stock.

Mr. GRAHAM: I should have included the debentures.

Mr. MEIGHEN: There is a big difference.

Mr. GRAHAM: It was a slip of the tongue. In addition to this \$8,000,000 I mentioned there was the preference and common stock the value of which was left to arbitration. The arbitrators declared that of no value but that is the voting stock. That is the only stock, I think, that has any voting power. They had to transfer it to the government of Canada. One can readily understand it having no value as declared by the arbitrators, the identical certificates could not be obtained, but the act provided that a transfer could be made in the books of the company, which was done, and the Grand Trunk stock passed into the possession of the Finance Minister, in trust for the people of Canada. Before the shareholders of the Grand Trunk could agree to the amalgamation with the Canadian National a meeting was necessary. The Minister of Finance of Canada being the only shareholder of the Grand Trunk with any voting power, he alone had the exercise

of that power. But he gave a proxy to Mr. Cope, Controller of the Railway department, who, acting for the shareholders of the Grand Trunk, in Ottawa a few days ago, agreed to the amalgamation of the Grand Trunk with the Canadian National system. This having been done, an agreement of amalgamation was necessary. This agreement was drawn up and acquiesced in by the two boards. Further, it had to be approved by order in Council, and that has been done; so that to-day the Grand Trunk and the Canadian Government Railways are part of the Canadian National system; and the Canadian Northern will shortly also form a part of that system, as soon as the legal technicalities can be disposed of. I have tried to give in sequence the steps that were taken to bring about this amalgamation. As I remarked before, we are entering upon an experiment which calls for the best that is in us all if we are to succeed. I believe that government ownership in Canada, even starting under the handicap of a deficit such as this great system has to face, can in time be made a success. If it is, we shall have given a lesson to the entire world in the matter of transportation.

My right hon. friend (Mr. Meighen) referred, I think, to the fact that certain rolling stock has been purchased without a vote of parliament. Well, as we know, that is not an uncommon practice in this parliament. But rolling stock cannot be ordered to-day and be ready for use to-morrow. The wants of next year—at least, that has been my experience ever since my first connection with railways—have invariably been anticipated, and rolling stock required a year ahead must be ordered now if it is to be available. I think I could produce some orders in council, passed under the late government and, as well, some passed by the government of which I was formerly a member, in connection with matters analogous to this. Now, the necessity must exist for rolling stock before such a procedure can be justified. Did that necessity exist in this case? My right hon. friend stated that it did not, because, under the old board, my good friend Mr. Hanna, who was at its head, was able to move crops and fill the requirements of the commercial interests of Canada without ordering rolling stock in advance. My right hon. friend is entirely mistaken. The greatest trouble I have known to exist through the lack of rolling stock, particularly in eastern Canada, to meet the needs of the lumbermen of Quebec and New Brunswick, and to keep up with the pulpwood business and all the other trade east of here, prevailed before the new board was formed