

dorses the note of Messrs. Mackenzie and Mann for all outstanding obligations of the Canadian Northern and its subsidiary companies, both present and to come. Including the \$45,000,000 bond guarantee, these obligations already amount to \$352,000,000 or practically \$40 each for every man, woman and child in the country. Mackenzie and Mann remain the controlling partners in the enterprise with the right to create new obligations, and with the opportunity, if they so desire, to step out at any time, take with them any profits they have made, and to shoulder on the people all the obligations and the ownership and operation of an insolvent four-hundred-million-dollar concern.

To this partnership the Liberals in Parliament have been stubbornly opposed. It has been forced through Parliament after weeks of continuous debate and after the rejection of every one of several Liberal amendments.

Apart altogether from the conditions of the partnership, there are the fundamental objections of the political and economic dangers of any partnership at all. Liberalism has taken the ground that if the road is to be saved from a receivership at the present time, and from the financial chaos which would follow, the relations of the Government with the company should be those of creditor and debtor, rather than those of junior and senior partner; that the Government should own or control where it is bound to assume enormous liabilities. Liberals in Parliament have not objected to lending the people's credit in order to insure the completion of the system but they have insisted on the need being shewn and the proper security given.

The dangers of partnership under the conditions agreed to are obvious. Canada holds \$40,000,000 of the Company's total capital stock of \$125,000,000. The control of the company is left in the hands of Mackenzie and Mann, the men whose inordinate ambition and complicated financing has brought about the present alleged insolvent condition of their enterprise. The partnership is forced upon the people without any adequate investigation into the physical character of the road, into its possibilities of meeting fixed charges on net earnings, or into the economic soundness of the subsidiary enterprises. The stock which the Government receives has at the present time, at least, no real value. It cost Mackenzie and Mann nothing to create it and it represents not a dollar of actual investment by them.

The \$75,000,000 of stock left in the hands of Messrs. Mackenzie and Mann and their associates has value only because of the public credit extended. Without Government aid at the present time the whole fabric according to their statement would collapse. The Liberals in Parliament have taken the view that the wiser course would be to pledge the stock of the company merely in the usual manner as security between debtor and creditor. And the Government would thus avoid all the obligations, complications and dangers of a junior partnership without effective control or check on the senior partner. Thus also would be avoided the necessity of standing sponsor for everything the senior partner may do. That was the purport and intent of the amendment moved by Sir Wilfrid Laurier on the third reading of the bill in the Commons.

THE CONSERVATIVES AND THE C. N. R.

IN the general election of 1911, candidates of the Conservative party, especially in Ontario, received generous support from Messrs. Mackenzie and Mann and their allied railway and other financial interests. It is an open secret that the selection of Hon. W. T. White as Minister of Finance was due in a considerable degree, at least, to the backing of the railway promoters, of Mr. Z. A. Lash, and of the group of financial interests concerned in the Mackenzie and Mann enterprise.

Public Funds Given Away.

The first instalment of reward for this support came promptly. During the first session of the Borden Government, legislation was brought in to assist the construction of the British Columbia section of the Canadian Northern transcontinental. The aid proposed in cash and bond guarantees amounted to \$10,325,000. That first measure of aid was opposed by the Liberals in Parliament, especially as while granting Federal assistance to the railway in British Columbia, the demand that this section of the line be brought under Federal control in regard to rates was refused by Mr. Borden and his followers.

During the second session of Parliament a still larger instalment of Federal aid was granted. This time it was a straight subsidy gift of \$15,640,000. Premier Borden and Hon. W. T. White both assured the House that this would be the last call on the public treasury by Mackenzie and Mann. They also assured the House that in return for this subsidy the people of Canada were getting in exchange \$7,000,000 of the Capital stock of the company, or one-tenth of the then total of \$70,000,000. In both respects the House and the people were misled. It has been shown this session that the aid given last session fell, at least, \$45,000,000 short of the aid required, and that the \$7,000,000 of stock received by Canada was by the simple process of turning out just that amount more of stock from the Canadian Northern printing press.

At the opening of the session of Parliament just concluded there were persistent rumors that Mackenzie and Mann were back again for a record haul. First there were denials both from Premier Borden and from Hon. W. T. White. After some weeks of steady and persistent lobbying by Sir William Mackenzie, Sir Donald Mann, Mr. Lash and all the influences they could bring to bear, it was finally admitted that a bond guarantee of \$45,000,000 was to be granted. The conditions of the agreement were arranged and the Conservative caucus was called to ratify them. Immediately two of the leading Conservatives, Mr. R. B. Bennett of Calgary, and Mr. W. F. Nickle of Kingston, announced their determined and unqualified opposition to the whole agreement. That opposition they made clear later in the House in an exhaustive criticism of the whole bargain. They voted against the Government and with the Liberals on every amendment offered. It is known that the support given to the measure by many other Conservatives was decidedly luke warm and that their private criticisms of the agreement were frank and emphatic. But the allurements of a campaign fund, the crack of the party whip and the necessity of standing by the Government in