

mits had succeeded in appointing the three best commissioners possible, might be trusted to appoint one arbitrator?

Mr. GERMAN: I do not think so, and I will give reasons why before I get through. Let us see what these arbitrators are to determine, and let me say, first of all, that the scheme recommended in the majority report is not the scheme proposed by the Government. My hon. friend can whistle to keep up his courage, if he sees fit, but the people of Canada will appreciate that the two schemes are not the same.

Sir THOMAS WHITE: We are adopting the mode suggested by the Drayton-Acworth report in dealing with the Canadian Northern. There is no board of trustees now. The recommendations of the Drayton-Acworth report for the creation of a board of trustees could not be carried out.

Mr. GERMAN: If you are abandoning the Drayton-Acworth report in that respect, why not appoint a judge of the Exchequer Court to determine the value, if there is any value. Let us now see the difference between the Government's reference to the arbitrators, and the reference suggested by the commissioners.

At page 62 of their summing up they say:

We think that, on the whole, the equity of the case would be met if the Canadian Northern shareholders were permitted to retain a moderate portion of the \$60,000,000 of shares which they now hold.

That is not a reference to arbitration to find the value of the stock. They say equity would be met if the shareholders were permitted to retain a moderate portion of the stock. They say, further, after speaking of the manner in which the trustees should be appointed:

the arbitrators should be empowered to decide two questions.

Not the value of the stock at all, but, what proportion of the Canadian Northern common stock may fairly remain the property of the present holders.

Mr. MEIGHEN: And what they should get on it.

Mr. GERMAN: What portion may fairly remain the property of the present common stockholders, and

what proportion of the earnings of the Dominion Railway Company may fairly be regarded as attributable to the Canadian Northern lines. To illustrate our meaning, we will assume that the arbitrators decide that five per cent of the Canadian Northern shares still remain the property of the existing holders—

[Mr. Meighen.]

That would be three million dollars' worth of the stock.

—and further decide that one-half of the total earnings of the Dominion Railway Company will be fairly attributable to the Canadian Northern lines. Then their decision will mean that out of any dividend declared in future by the Dominion Railway Company 2½ per cent (one-half of five per cent) will be payable to the existing Canadian Northern shareholders or their transferees. We think the arbitrators should fix this resulting percentage once for all.

That is, the arbitrators were to be appointed to fix once for all what was the actual cash value of the two and a half per cent—not the value of the stock on a two and a half per cent basis on the probable dividends which the company would pay, and when they would pay it—not any question of any value of \$60,000,000 of stock at all. When this Government refers the question of the value of this \$60,000,000 of stock to three arbitrators, they at once admit, tacitly at any rate, that there is a value to that \$60,000,000 of stock, and I will venture to say that Mackenzie and Mann will, perhaps, be able to get men of high standing, who will put a good high value upon it. Sir William Mackenzie himself puts a value of par upon it. He says it is worth \$60,000,000 or more, and one of the reasons why he asserts that is because the Government took \$40,000,000 of the stock as a security for a guarantee of \$45,000,000. That is what he says. Whatever argument there may be in it is another thing.

Mr. MEIGHEN: There is no argument in it, and of course the hon. gentleman knows that. I did not see that Sir William Mackenzie had uttered such a statement.

Mr. GERMAN: That is the ground upon which he put it, as I understand the matter.

Mr. MEIGHEN: If he said that, it is the poorest exhibition of his intelligence I have ever seen.

Mr. GERMAN: It would be a poor exhibition of intelligence on the part of any one else.

Mr. MEIGHEN: As a matter of fact, he did not say it at all.

Mr. GERMAN: Might I ask my hon. friend what he did say?

Mr. MEIGHEN: I saw the statement that in his opinion it was worth \$60,000,000 but he did not say the Government had fixed the value of it because we took \$40,000,000 of it as security for our assistance to the company in guaranteeing \$45,000,000 of bonds.