

all these roads into liquidation, what would be the further result? I believe that the securities outstanding on the road at the present time are about \$380,000,000. Whatever else may be said of the Canadian Northern railway, I do not think any one disputes that they did their financing in a very thorough and skilful way. They placed their securities at from three to four per cent. If you succeeded in getting all these companies into liquidation, I am informed that under most of the trust deeds the principal would become due. Suppose you had \$380,000,000 of principal coming due, or say that only part of it would become due—suppose you had \$250,000,000 of principal coming due under these trust deeds. Does not every hon. gentleman see that it would be to the direct interest of every one holding those securities that the principal should become due? For what reason? Their securities are worth to-day from 80 per cent to 90 per cent.

Mr. R. B. BENNETT: The three and one-half per cents are from 75 up.

Sir ROBERT BORDEN: They would immediately go to one hundred cents on the dollar, and, further than that, when we went back the next day to borrow that sum of money for the purpose of keeping the concern going, we should pay between six per cent and seven per cent instead of between three per cent and four per cent.

Mr. R. B. BENNETT: Their last loan cost them seven per cent.

Sir ROBERT BORDEN: Is any one going seriously to propose that we shall put this property into liquidation for the purpose of creating the confusion, dislocation, and paralysis to which I have alluded, with no good result in the end? You would have to come back to some proposal like that embodied in this Bill if you intend to protect the guarantee of this country. If, as I have pointed out, liquidation will increase the annual fixed charges to about \$22,000,000, instead of \$15,000,000, as they are at present, I would not suppose that so absurd a proposal would be seriously put forward by any person who had given consideration to the real problem that is before the country and the Government at this time.

It really seems to me that my hon. friend's amendment has an air of unreality about it. It is inconsistent with all practice and precedent. It is essentially inconsistent with the Drayton-Acworth report. I contend that, except as to the

question of operation, to which I will come in a moment, we are substantially, in this Bill, following the principle laid down in the Drayton-Acworth report. We are following it in three respects: first we are acquiring the stock; second, we are fixing its value, if any, by arbitration; third, we are providing that the arbitration shall be final. Those are the essential features of the Drayton-Acworth report.

There is something to be said on the question of operation. I do not propose to go into that fully to-night; I said something about it on a previous occasion, when the Bill was first introduced. There is absolutely no question that in this country we have a serious situation upon our hands in the railway problem that lies before us. I do not want to dwell too insistently on the origin of those problems, but I think my hon. friends on the other side of the House will not be prepared to dispute—indeed they have not disputed—what I said the other day in that regard, when I pointed out that they had given both these railways, the Grand Trunk Pacific and the Canadian Northern, the status which they now occupy, before we came into power. The only question that lay before this Government, after we came into power, was to decide whether we should sustain the situation which had been created, or whether we should inflict upon the country, particularly at a time of business depression, a dangerous blow by permitting the roads while in process of construction to go into liquidation, and by thus announcing to the world that Canada had embarked upon a policy of railway extension, in view of her great resources, which, in the end, she found she was not able to carry out. Rightly or wrongly, we decided to sustain this road, and we are dealing with the matter as best we can. But the situation that was created by my hon. friends on the other side of the House, and for which they were responsible in the first instance, has brought us to the question of how we are to provide for state-operated or state-owned railways in this country in the most effective way. No one is more conscious than I am of the immense difficulties and tremendous importance of that question. It is for the people of Canada and the Parliament of Canada in the immediate future, to make or mar the future of state-ownership in Canada, and so far as I am concerned, I shall bend my best energies, so far as they may be called into service, to make the operation of this road