

sidered a fair offer as to the rental value; if that were concurred in it would mean that we would pay a sum corresponding to that by way of interest on those five classes of stocks, inclusive of the guaranteed stock. That is the only action the Government have taken in the way of estimating what would be a fair offer. Now that it is submitted to arbitration the Government makes no estimates; that is for the Board of Arbitration.

Mr. CAHILL: Why did the Government change its mind about that original offer? Why does it make a different offer at this time? The arbitration was to include five stocks; now it is including four. There is one stock—which was not a guaranteed stock, only so far as the Grand Trunk shareholders could guarantee it—that the Government are now making a four per cent Dominion Government guaranteed bond amounting to \$60,833,000. What induced them to take that out of the original arrangement and to make it a guaranteed stock so far as the Dominion is concerned, thus enhancing the value of stock which had been quoted on the market at 45 and which is now quoted at 60? This represents an advance of fifteen points or an enhancement in the value of the stock in one day to the extent of \$9,000,000. In other words, when the Dominion Government guarantees that stock at six per cent it will be worth 80, or \$20,000,000 more than its market price. The Government at the outset claimed that they were going to offer only a certain sum for all the five stocks, but now they make \$60,000,000 worth of this worthless stock worth from 80 to 85, on account of the Dominion Government's guarantee.

Mr. MEIGHEN: The hon. member has the ability to crowd more mis-statements into a short speech than any man in the House, I think. In the first place, if I gathered his point, he says that the Government has altered its position in that in the first proposal of 11th July, 1918, it was proposed that the Government would arbitrate the value of the five stocks, namely, the guaranteed stock, the three preference stocks and the common stock. That is my hon. friend's first mis-statement. If he will look at the letter of 11th July, 1918, he will see that the Government offered to treat the guaranteed stock as an obligation just the same as we treat the debenture stock or bonds. That is exactly what we are doing; there is no variation whatsoever. The hon. member's next mis-statement was that the worthless guaranteed stock would be

[Mr. Meighen.]

worth 80. Well, what can he be thinking about? The guaranteed stock has a four per cent dividend. That dividend has always been paid; it never has missed in the whole history of the Grand Trunk.

Mr. CAHILL: Was it paid last year?

Mr. MEIGHEN: Last year, and every year. The guaranteed stock has always carried its dividend and that dividend has always been paid. That guaranteed stock never was worthless and is not worthless. That is the stock to which I referred in answer to my hon. friend (Mr. Vien) as having been quoted to me—I heard the value of it some days ago, a considerable time before the negotiations reached a conclusion—as 60 to 70. The hon. member says it is that to-day. I assume it would be; I do not know anything about it. This stock has always borne that dividend; that dividend has always been paid. There was no reasonable expectation or fear that it would ever fail to be paid; consequently, the Government, originally, as now, proposed that that be treated merely as a debenture stock. It is on the other four stocks that the arbitration takes place, just as was proposed in the original letter.

Mr. VIEN: What is the object of giving to the shareholders of the Grand Trunk these present guaranteed stocks as well as the new guaranteed stocks, instead of giving them bonds? This is a most unprecedented method of dealing with a case of this kind.

Mr. MEIGHEN: The hon. member asks why we do not propose to give bonds for the arbitrated value instead of stocks?

Mr. VIEN: As well for the present guaranteed stock as for the new guaranteed stock.

Mr. MEIGHEN: Well, the present guaranteed stock is a stock; it is not a bond. We do not change that; there seems to be no reason for changing it. If we did make it a charge on the road—and making it a bond would, I assume, be making it a charge on the road—if that had any effect at all it would add to the value of the bond. We do not want to do anything that is unnecessary; there would be no object in the world in doing it.

Mr. VIEN: In what way would it add to the value of the bond?

Mr. MEIGHEN: I do not know that it would; if it did anything, I said, it would do that, because it would, I suppose, give an additional security. But there would