the dollar. There will be occasional drawings to dispose of the fund created by the two per cent reserve, and the holders—the fortunate people—will be paid 100 cents on the dollar.

Hon. W. B. ROSS: That is, after ten years.

Hon. Mr. DANDURAND: The drawings will begin after ten years?

Hon. W. B. ROSS: No; that is the drawings at par.

Hon. Mr. DANDURAND: Yes.

Hon. Mr. ROSS: But during the first ten years there may be drawings at as low as 60 per cent.

Hon. Mr. DANDURAND: Under the scheme there may be drawings even before the expiration of ten years.

Hon. Mr. ROSS: Yes, as low as 60 per cent; from 60 to 100.

Hon. Mr. DANDURAND: But people may not agree to participate in such a drawing and may prefer to wait in order to obtain 100 cents on the dollar.

I believe that I have thoroughly outlined the scheme which it is proposed to substitute for the situation that has existed up to this date. There was a perpetual 4 per cent debenture. Now the Dominion puts an end to that debenture by being given the right to withdraw it in 32 years. It is true that 4 per cent interest is paid on the amount for 32 years, but that terminates the whole matter. I believe this arrangement was sanctioned by the late Government in August last; it has received the ratification of the present Government, and it has unanimously passed the other Chamber. For this reason I suggest that we now take the second reading of the Bill.

Hon. W. B. ROSS: Honourable gentlemen, before we take the second reading of this Bill, I would like to say just one or two things about it. I happen to have a fairly accurate knowledge of the whole circumstances of the acquisition of the Grand Trunk by the Conservative Government; I know what the perpetual debentures of the Grand Trunk Pacific are; and what I am a little jealous about is Canada's reputation. Again and again there have been insinuations made in the Old Country, in London, that Canada was not doing the fair thing by the holders of the bonds. I wish absolutely and entirely to repudiate that insinuation, and, further, to put on record the fact that, so far as I am concerned, if I had the slightest notion that in agreeing to this contract we were in any way weakening as to our position having been perfectly straightforward and honest, I would not agree to this contract at all. It must be understood, so far as I am concerned, that when I agree to this it is simply as an entirely new business contract between this Government and the holders of these securities. They had no right to complain. At the time the contract went through, they were represented here not only by counsel, men learned in the law, but also by engineers and financial advisers, and they knew exactly where they stood.

These perpetual debentures were issued by the Grand Trunk Pacific and were guaranteed by the old Grand Trunk Railway Company, with the proviso that the interest on these bonds of the Grand Trunk Pacific was not to be a charge on the Grand Trunk proper until the outstanding securities of the old Grand Trunk were provided for. The only payment that the old Grand Trunk ever made on the securities was made in 1915; and at that time there was a good deal of talk as to whether or not the Grand Trunk was really justified in making that payment. The only year in which the Government of Canada were able to pay that interest was 1923. There seemed to have been a spurt of business on what were called the Grand Trunk western lines, in connection with the business of Ford and other men engaged in the making of automobiles.

Then we had all kinds of propaganda going on in London, and it was stated that Canada should have come forward and paid 4 per cent on the bonds. But Canada never agreed to do anything of the kind; and the old Grand Trunk itself never agreed to do anything of the kind. That being so, the conduct of the successive governments who dealt with the matter—I am not saying anything now about the wisdom of taking over the Grand Trunk at all—has been perfectly proper, and I protest against any imputations by men in London as to the good faith of those governments of Canada.

That is all I have to say with regard to that phase of the question. I think it should be distinctly understood, and it should be so expressed, that we are making no concession at all in this; that it is a brand new bargain, and that it is an open question, a guess, whether we make money or whether we lose money. If the Grand Trunk proper is very successful and has big earnings, probably Canada will make a little money. Even then, I do not think the people in London will lose anything by this bargain. They stand to win just as much as the Government of Canada. They are getting a security that