

Hon. Mr. POWER: I do not rise to continue the discussion, but I wish to get a little information from the minister. I am not a financial man at all, but there is one thing that I have not been able to understand. Possibly an explanation of it has been given to the House or the Committee. If so, I have unfortunately not heard it. I cannot understand why the exception is made to the four per cent guaranteed stock of the Grand Trunk, amounting to £12,500,000. I do not see why that stock is treated differently from the other stock. Perhaps it may show great ignorance on my part, but I do not see the reason. The amendments that were laid upon the table by the honourable Minister of Labour, at the last meeting of the House, put this four per cent guaranteed stock into the same category as the other stock. Now it has been amended by the honourable leader of the House, and I want to know why this £12,500,000 of guaranteed stock is treated differently from the other stock.

Hon. Sir JAMES LOUGHEED: I can only repeat what I have said. This is a different issue of stock, and it has ranking priority, making it so much superior to the preference shares that the holders of that stock refuse to have it arbitrated.

Hon. Mr. McLENNAN: Could they not be outvoted?

Hon. Sir JAMES LOUGHEED: I do not think so.

Hon. Mr. DANDURAND: Could they not be left to earn their own dividend?

Hon. Sir JAMES LOUGHEED: It is discretionary with the Government whether they leave it as it is or enter into a treaty with them.

Hon. Mr. ROBERTSON: Just a brief reference to the amendment proposed by the honourable gentleman from Hamilton and why I think it should not prevail. The amount mentioned in his amendment is based upon the average result over about ten years of operation. It should be kept in mind, in fairness to the Grand Trunk Railway Company, that the earnings of that company ten years ago were about \$45,000,000. In the year 1918 they were \$92,000,000 and they are increasing from year to year. Therefore the average of the past ten years does not fairly represent the situation at the present time. I think the latitude proposed, making the maximum \$5,000,000, without the restrictions suggested in the amendment of the

Hon. Sir JAMES LOUGHEED.

honourable gentleman from Hamilton, is preferable, besides giving the arbitrators full leeway to exercise their own judgment.

Mr. FOWLER: I shall not vote for either the amendment or the sub-amendment. It is an invitation to my mind to the arbitrators to go to the limit. We found that to be the case in another arbitration we were concerned in. I would prefer very much to leave the matter to the arbitrators since this House has deemed it advisable to send it to arbitration. That is one of the reasons why I will not vote for either of the two. The second reason is perhaps an important one, and it is because I am paired.

Hon. Mr. GORDON: When that amendment was proposed first this afternoon I was under the impression the guaranteed stock was going to be arbitrated upon, and I feel like the honourable gentleman from New Brunswick (Hon. Mr. Fowler), that this is an invitation to the arbitrators to come up to that figure. We had an arbitration before, and a maximum amount was fixed, as is suggested here, and the result was that the arbitrators awarded the amount named. Consequently, so far as I am concerned, having been once deceived in this respect, I do not propose to vote for any of these amendments.

Hon. Mr. DANDURAND: I observe that there is a fear in the minds of some Senators concerning the placing of a maximum, because it may tend to persuade the arbitrators to award that maximum; but we must not forget that the arbitrators will have before them an offer made by the Government of \$3,600,000, and, as I have stated before, the arbitrators will be justified in awarding at least that amount which has been offered by one of the parties. Now, \$2,500,000 are already assured the guaranteed shareholders, and I have expressed the opinion that the arbitrators will be justified, after examining the whole of the system, in granting the difference up to \$3,600,000, which the shareholders would get under the offer of the Government of February last, by granting \$1,100,000 more. The honourable gentleman from Hamilton desires to guard against the free hand that the arbitrators would have in valuing that immense system and applying some amount for the prospective value of that stock, and he increased the offer of the Government of \$3,600,000 to \$4,300,000. I am disposed to vote for that amendment. I am not disposed to vote for the amendment of the honourable leader