

These are the words of the Minister of Finance—\$25,000,000 of the \$70,000,000 was not in the possession of Mackenzie and Mann, but was held in trust.

Mr. MEIGHEN: But it was owned by Mackenzie and Mann.

Mr. MACDONALD: It does not say so.

Mr. MEIGHEN: But they were. That is a fair implication from the words the hon. gentleman has quoted.

Mr. MACDONALD: No implication about it. This was set aside in the hands of a trustee.

Mr. WHITE: It was in the hands of a trustee.

Mr. MACDONALD: It did not belong to Mackenzie and Mann.

Mr. WHITE: It could be subrogated, and they would have the right to get the \$25,000,000.

Mr. MACDONALD: Now, my hon. friend resorts to the mysteries of legal technicalities in the discussion of these things. Is he going to discuss the law of subrogation in order to get away from the statement he made that there were \$25,000,000 in the hands of the trustees and not in the hands of Mackenzie and Mann?

Mr. WHITE: They were in the hands of the trustees, as I have said.

Mr. MACDONALD: Then they were not in the hands of Mackenzie and Mann.

Mr. WHITE: I did not say they were.

Mr. MACDONALD: I am dealing with the hon. gentleman's position last year and with the statements in the Government organs this year, that some marvellous feat has been accomplished of compelling Mackenzie and Mann to disgorge so much stock. But instead of them being compelled to disgorge stock, the result of this arrangement is that though they have right and title to own the \$45,000,000, they are given \$15,000,000, and are now to be the possessors of \$60,000,000. Now, however, the Solicitor General proposes to make a casuistical argument to get away from the statement of the Minister of Finance, a statement which is as plain English and as easily interpreted as could well be desired. That statement led this House to believe that the country was getting \$7,000,000 out of the \$70,000,000 of stock that then existed. The House had no idea so far as this explanation was

concerned that the \$7,000,000 coming to the country was in addition to the \$70,000,000. I say that according to the statement of the Minister of Finance last year Mackenzie and Mann had title to \$45,000,000 of stock, and under this arrangement are to be made a present of \$15,000,000 more.

Mr. GERMAN: I think the hon. gentleman could go one step farther. The Finance Minister said last year that the \$7,000,000 handed over to the Government last year was to come out of the \$70,000,000—it was to be one-tenth of the \$70,000,000. Now, according to the statement of the Minister of Finance, last year \$25,000,000 was in trust. That, of course, should be deducted. That would leave in the hands of Mackenzie and Mann \$45,000,000 of stock, out of which \$7,000,000 would be handed over to the Government, leaving to Mackenzie and Mann \$38,000,000 of the stock of the Canadian Northern Railway Company. No argument that the Minister of Finance can put up will controvert that contention. \$7,000,000 was to be handed over to the Government out of the \$70,000,000; of the \$70,000,000, \$25,000,000 was held in trust for the debenture holders, to be redeemed if they saw fit to redeem it, leaving in the hands of Mackenzie and Mann \$38,000,000 of stock; and the Government is now, under this arrangement, making a present to Mackenzie and Mann of \$22,000,000 over and above the stock which they held a year ago.

Mr. PROULX: There is a common rumour that an understanding exists between the Canadian Northern Railway Company and the hon. member for Charlevoix and Montmorency (Sir Rodolphe Forget), that the Quebec and Saguenay railway is to be taken over by the Canadian Northern. I think it would be just as well for the people to know now from the Government whether or not there is any such understanding. Under the following definition of constituent companies the Quebec and Saguenay railway could be taken over by the Canadian Northern:

'Constituent companies' means such of those companies mentioned in the first schedule to the following resolution, and such other companies—

Mr. MEIGHEN: We know nothing about such an understanding.

Mr. PROULX: Will my hon. friend the Solicitor General admit that it is possible