

gentleman acquainted with the principles which govern arbitration will say it is to be presented to these arbitrators from the most advantageous standpoint possible, so far as Mackenzie and Mann are concerned. When it comes before the arbitrators it will be presented simply from this standpoint, what is this stock worth as between the Government, which wants to buy it, and Mackenzie, Mann and Company and their associates, who are willing to sell but are not compelled to sell? That is the ordinary basis for valuation unless there are exceptional and peculiar circumstances which govern it. The true basis upon which arbitrators act is this: What is the value of the property which we are called upon to consider from the standpoint of a purchaser who is desirous of buying and from a seller who is willing to sell but is not compelled to sell? That is not putting the people of Canada in the position in which they have a right to be placed. Still, a majority in this House has decided that that is the way it should be presented to the arbitrators. It is quite possible that these arbitrators may say—I do not say they will but there will be evidence before them upon which they will be able to say—that this stock is worth par. In the data which the minister has presented to this House as reliable, and in respect of which he is the mouthpiece of this Government and is acting for the people of this country, he shows that the financial statement of this company represents a surplus of \$35,000,000 or \$37,000,000, after providing for all its liabilities and after providing for all its common stock to the extent of \$100,000,000 of the stock of the Canadian Northern Railway Company and \$5,000,000 of the stock of one or two constituent companies. That is the statement which they will present to the arbitrators; that is the argument which they will submit; and they will say, as any member of this House, if he were interested in the Canadian Northern Railway Company would say to the arbitrators: The Government wants to buy our stock; they think it is desirable in the interests of Canada that the country should own our great trans-continental system; they have provided in the Act that the country shall pay the value of that stock; and its value, Sir, is to be not what it was on the first day of January, 1917, not what it was when this Bill was presented to Parliament, not what it will be when this Bill receives the Governor's assent and becomes law, but what it will be on the day that the agreement is en-

[Mr. Pugsley.]

tered into. What will the Canadian Bank of Commerce, what will the other shrewd pledgees of this stock, what will the shrewd counsel who are advising Mackenzie and Mann, say? They will say: You must go upon the commercial value of this stock. The stock will have an increased value by reason of this very legislation. After the Act passes everybody will know that the stock of the Canadian Northern Railway Company is to be acquired by the Government. Everybody will know that, whatever its market value is, that value will have to be given by the arbitrators. It will be with the stock of the Canadian Northern Railway Company as it was with the stock of the Quebec and Saguenay railways; when the legislation of this Parliament passed, the stock rose in the stock markets all the way from 25 per cent to 50 per cent. Every gentleman in Quebec knows that. And this stock will have a greater value at the date when the agreement is signed by reason of this legislation which makes it certain that this country has determined to take over this road and operate it as a part of a government-owned system.

As I have said, we know what the liabilities are, we know what the country is bound to assume. These liabilities will run to between \$500,000,000 and \$600,000,000, and if we take over that stock we become liable for all these obligations. As I have said, this arbitration may place a valuation up to \$60,000,000 on the stock. We do not know what its finding will be, it is entirely uncertain. This Parliament cannot know, this Government cannot know, and the people of this country cannot know; and I submit that, in view of that fact, it is only fair to the people of this country that before they are compelled to take over the road and pay the award of the arbitrators, the matter should be submitted to Parliament and Parliament should have the right to say whether or not the transaction should be completed. Evidence I presume, will be taken by these arbitrators which will be very important, and which will give valuable information to Parliament. We shall probably know just what the outstanding liabilities are. I have a telegram from a gentleman standing very high in the province of British Columbia, a gentleman who knows absolutely what he is speaking of, and he says that the Canadian Northern Railway Company have made commitments in the province of British Columbia to the amount of \$25,000,000. I would give the name of that gentleman, I would show the telegram