

ment, it is a question of interest rate to be paid. These short-term loans of the Canadian Northern are pretty well secured. The loans in New York are secured with a substantial margin, upon bonds guaranteed by the Dominion Government and certain of the western provinces. That is very high-class collateral, and I expect the Canadian Northern officials will be able to renew the loans by reason of the fact that the Government is the sole owner of the stock. What I have said is subject to this, that in these war times no man can tell what condition we may be in after one month or two, and it is possible that in one or more instances the Canadian Northern might not be able to extend those loans. If they do not, then I think the Government, as sole owner—for it will be sole owner through its ownership of \$100,000,000 of capital stock of the Canadian Northern—should protect its property. Assume we brought down a vote, as suggested by the hon. gentleman from Carleton, for \$20,000,000 or \$25,000,000, as we did last year, it is quite possible—although I do not apprehend it will take place—that during the year the Canadian Northern might not be able to renew one or more of those loans. Then you would have a difficult situation on your hands again. The real fact of the matter is that the essence of this Canadian Northern situation is that the Dominion Government, and the governments of nearly all the provinces of Canada, are so involved by their guarantees given during the years of the construction of this system that default cannot be allowed, and the Government, after giving the matter its most serious attention, and realizing all that my hon. friend from Carleton has put forward, reached the conclusion that if this system is not to be allowed to go into default, and if, in order to prevent default, the Government of Canada is obliged to put up \$15,000,000 to \$20,000,000 a year, and become practically sponsor for the financing of the system from year to year, we must take the next step and own that system for the people of Canada. The hon. gentleman from Carleton made a very interesting and very fair speech on this subject, and I asked him, when he suggested that we should take the course we took last year, what about next year? My hon. friend threw his mind ahead a year and considered the parliament of that time. I think there is no doubt whatsoever that, war or no war, the Canadian Northern Railway would have to make application for assistance. I pointed out last year, in the speech in which I introduced the esti-

[Sir Thomas White.]

mates for the Canadian Northern and the Grand Trunk Pacific, that the time had come when we should appoint a commission, with a view to reaching a final solution of this railway problem, the greatest problem in Canada, outside the war, without a doubt.

I stated also at that time that the solution might involve taking over one or more of the railway systems of Canada, and that there might be involved the possibility of the nationalization of all the railways of Canada. I pointed out to the House pretty fully the other day that the last was a very large order indeed, having regard to the fact that we are in the midst of a war and having regard also to the financial problems touched upon by certain gentlemen opposite. But, after giving the matter our best consideration we reached the conclusion that we should take this property for the people of Canada in order that, if we are to pay out huge sums of money year after year, the fruition of that expenditure should inure to the people of Canada, not to the private owners of the road. In other words, if we are to continue to finance this system, it must be owned by the people of Canada.

I do not know that it is necessary that I should refer to the remarks made by the hon. member for Welland (Mr. German); I thought he had a very weak case when he had to resort to personal aspersions. This railway problem has been the most difficult problem with which any Government of Canada has been called upon to deal, outside of the war. Every year it presents itself, and it would continue to present itself. This year, after considering the whole situation and having regard to all the financial questions involved, we reached the conclusion that we should take this forward step, which is a step in the line indicated by the Drayton-Acworth report. To take over the whole of the railway systems would, I believe, be too serious a step for a Government to contemplate, having regard to the burden of the war. But by taking over the Canadian Northern and by lending assistance to the Grand Trunk Pacific—I pointed out that we could not deal with the Grand Trunk Pacific at this time as we are dealing with the Canadian Northern because most important negotiations would be involved with the Grand Trunk Railway company—it seemed to us that the proposals which I addressed to the House were the best under all the circumstances, and I believe they are. I do not believe there