

An hon. MEMBER: They are right.

Mr. BENNETT: But suppose you transfer to the provinces, where it belongs, the burden with respect to all branch lines—what then? Would it not be desirable in the interests of the country to have it dealt with in that way? Is it not desirable in the interests of the country that the province of British Columbia should face the question with regard to the Canadian Northern Pacific in British Columbia, with its guarantees? The stringent provisions in connection with trusteeship would force that issue in a different way and they could not make the same demands on us, for they have never conceded that we have done anything in the way of relieving them from obligation.

As regards Alberta, as I have pointed out to the house the actual money to build the Canadian Northern from Calgary to Macleod was borrowed and put in the bank, and part of it is still there; all that was done was to build a great part of the way and then abandon it, and the rest of the money is there. The railway will never be built—I hope not—but the money was obtained and interest on that debt is being paid in Alberta. Part of the money is still in the bank as a trust fund.

I cannot speak in detail with respect to Saskatchewan, because their obligations were largely in connection with the Grand Trunk branch lines enterprise more than with respect to the Mackenzie and Mann enterprise. In Manitoba, however, we have a combination of circumstances that will enable us as a federal power to say to the provinces at the conference, "This is what you have to face; this is your liability, not ours." Part of the money, in defiance of the audit act and other acts of the country, we are now going to set aside as money we borrowed to pay interest on these provincial obligations. If anything could be more ill-considered than for us to take that step at this time and put ourselves in that position, I do not know what it is.

I apologize for trespassing so long upon the time of the committee. The government have the majority and are going to put this measure through, but in my judgment they are creating a situation which has never been faced in this country before, defying the audit act, which they say shall not have any application to us; and the consolidated balance sheet, which heretofore has shown a complete record of all the money borrowed by the Canadian people for this enterprise, is to be changed. The amount of money that we have put into this enterprise will not be shown in the annual report of the company, and

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lastly, and more important still, we shall have interfered by legislative action of the dominion with the guarantees of the provinces, because we have borrowed money, mark you, to pay those guarantees.

Mr. HOWE: This bill does not change the relations with the provinces.

Mr. BENNETT: I have not had time to look into the question of the dominion arbitrarily determining that obligations of other persons than ourselves, represented by money which we borrowed and paid into the enterprise, shall have a value much less than one hundred cents on the dollar, when you come to deal with those provinces and their relation to us. Suppose we are dealing with the provinces at a conference. The Minister of Finance represents Saskatchewan and I am for the federal power. I say to him: See what we have paid for you during all these years, and he says: You have not paid much; you say it is not worth—

Mr. DUNNING: I am afraid you would not let me get away with that.

Mr. HOWE: All the money represented by funds that went into the property, which are the funds guaranteed by the provinces, is there, all kept at its face value.

Mr. BENNETT: That is not the point.

Mr. CAHAN: No, that is not the issue.

Mr. BENNETT: When the minister from Saskatchewan and I are dealing with this problem of the financial relations between us, he says: My subsidy is entirely too small; this is all I have received. But, I say: Look at what I have been paying for you; look at what I have paid for Nova Scotia, for British Columbia. Yes, he says, but you do not mean to attach any value to that; you took over this road as part of your national venture, and I see you are writing it down on the books to forty cents on the dollar, and some of it worth nothing. I do not think you had better talk that way much longer; you do not attach much importance to that.

Mr. DUNNING: You would have a very vigorous reply to that argument.

Mr. BENNETT: But unfortunately the political mind of the minister from Saskatchewan would be such that he would at once say: I do not think we will discuss it further, because you attach little value to it, you have said so. Notwithstanding the safeguards of the audit act, which have been there since confederation, you are going to disregard this altogether. You will find that it will add to the difficulty of the situation