

Mr. VIEN: They did not acknowledge it at the time the Drayton-Acworth report was made. They contended that the fact that the Government did not live up to the agreement of 1903 relieved them to a certain extent.

Mr. MEIGHEN: They claimed that because of the Canadian Northern running through Northern Ontario, thus raising the cost of labour to them constituted a moral obligation. I do not think they seriously contend that they are relieved of their legal liability in regard to the Grand Trunk Pacific.

Mr. FIELDING: The minister says that the Government will claim in the award the payment of all obligations of the Grand Trunk. I accept the assurance that the Government intend to make that claim, but will the minister make it clear in the resolution that that claim is to be regarded as a set-off?

Mr. MEIGHEN: I do not see how it could be anything else.

Mr. FIELDING: That is the more reason why it should be made clear.

Mr. MEIGHEN: If it is clear already there is no reason why it should be made clearer.

Mr. FIELDING: There is such a thing as making assurance doubly sure.

Mr. MEIGHEN: If the hon. gentleman can show that there is any doubt on the subject it will be made clear. Certainly any obligation of the Grand Trunk to the Government will be taken into account. If the arbitrators were to find that these stocks were worth fifteen million dollars but that the Grand Trunk owed the Government ten million dollars, then the stock would in reality be worth only five million.

Mr. FIELDING: The arbitrators would not be called upon to determine the claim of the Government but only the value of the stocks, unless there is a clear understanding that there is a set-off there will be trouble. It is not clear that the arbitrators are to sit in judgment upon the justice of the Government's claim.

Mr. MEIGHEN: Every claim that is made has to be established before the Board of Arbitrators, who must be convinced that it is a good claim before they consider the determination of the value of the stock.

Mr. FIELDING: Does this contemplate that the arbitrators shall enter into the question of a set-off? They are only called [Mr. Meighen.]

upon to fix the value of the stock. That is the beginning and end of their duties and I do not think they would have any right to enter into the other question. The Government would have to have recourse to some other means of establishing that claim as a set-off.

Mr. MEIGHEN: I do not agree with the hon. gentleman at all. The Government will claim every dollar that is owed them by the Grand Trunk.

Mr. FIELDING: But that is not before the arbitrators.

Mr. MEIGHEN: Yes it is, everything is before the arbitrators that affects the value of the stock; the hon. gentleman will agree to that?

Mr. FIELDING: Yes.

Mr. MEIGHEN: Is not one thing that affects the value of the stock the debts of the company? Consequently, every debt of the company is before the arbitrators. A debt to the Government is just the same as any other debt and must be before the arbitrators. But let me say to my hon. friend, I will have the point he has raised looked into from the legal standpoint, and if there is any doubt it will be cleared up.

Mr. VIEN: Suppose the arbitrators value this stock at \$15,000,000 and they find that the company is indebted to the Government to the extent of \$20,000,000 there will be \$5,000,000 coming back to the Government. But they could not value and arbitrate upon that if the arbitration is along the lines of the resolution. If the arbitration is along the lines of the resolution they can value the claim of the Government only by way of set-off to the valuation which they put upon the shares. If the claim of the Government is in excess of the value they put on the shares they must have some jurisdiction to give to the Government a further judgment against the company.

Mr. MEIGHEN: The Government can take steps to protect itself without their jurisdiction. In so far as the arbitration is concerned, the most favourable verdict the Government could get would be a declaration that the four stocks were worth nothing. Suppose the four stocks are in the view of the arbitrators worth nothing, the company will still owe us all the money they owed us before and the debt will be the same as it was before.

Mr. VIEN: It may be doubtful if you enter into an agreement that closes the whole of the negotiations that have been