

Senator Pardee in which he was planning to take an even more active part in one of the chief committees of the House.

Suddenly to hear, without a word of warning, that he had left us, was a shock, not only to myself, but also, I am sure, to all the members of this House. I think it is a modest and fair statement to make that the Senate has suffered a great loss, and the country has too, in the death of Senator Pardee, and I desire to join with the honourable gentleman opposite in extending to his family and friends the sympathy of this House.

Right Hon. Sir GEORGE E. FOSTER: Honourable gentlemen, it has been the practice in this Chamber to leave to the honourable leader on each side of the House the kindly office of expressing our appreciation of those members of the Senate who, from time to time, have passed away. I would not intrude myself at this time except for one consideration, that for a long series of years, in another place, I was associated as a colleague in Parliament with the honourable member of the Senate who has left us. I associate myself with all that has been said of him by the two leaders of this House. Mr. Pardee won the affections of both parties, and of all members, I think, on either side of the popular Chamber. He was eminently fair and in all his dealings inspired confidence. As has been stated by the honourable leader of the Opposition (Hon. Mr. Ross), our regret is all the deeper when a man who seems to have a large part of his lifetime yet to give to the service of his country is suddenly called away. It is a great loss to thousands of individuals. Not only is his loss felt in the locality in which he lived and moved, and in which he was such a beneficent influence, but it is a matter of deep regret that the country has been suddenly deprived of services which have been so valuable and useful. Pity it is that it is so. I desired just to add my personal agreement with everything that has been said with reference to our departed friend. I think we all feel that his loss is a real loss to us in this Chamber, not only in the matter of public business, but personally and individually.

GRAND TRUNK PACIFIC SECURITIES BILL

FIRST READING

Bill 57, an Act respecting the Grand Trunk Pacific Railway Company and respecting the Canadian National Railways.—Hon. Mr. Dandurand.

SECOND READING

Hon. Mr. DANDURAND moved the second reading of the Bill.

He said: Honourable gentlemen, with the leave of the Senate, I move the second reading of this Bill now. It is a measure to confirm a scheme of arrangement dated the 26th of August, 1926, with the holders of four per cent debenture stock of the Grand Trunk Pacific Railway, whereby the Canadian National Railways may create and issue new stock in exchange for certificates registered in the name of holders of a like amount, or the like aggregate amount, as the case may require.

The amount outstanding is £7,176,801 par value. It is a perpetual debenture stock of the Grand Trunk Pacific Railway, guaranteed by the Grand Trunk Railway Company on surplus profits of the Grand Trunk after their fixed charges are met.

This agreement liquidates a very involved situation. The Grand Trunk Pacific Railway Company is at present under receivership, and, as the principal debtor, it would need to be sold if the obligation had to be met. As the Grand Trunk Railway Company was and is a guarantor, a special account of the old Grand Trunk has had to be kept separately, inasmuch as these debenture holders were entitled to the surplus earnings. The present arrangement cleans up this whole matter.

No interest has been paid upon those debentures for the last six or seven years. The interest is still payable, and it is still accumulating against the Grand Trunk Pacific Railway, but not against the Grand Trunk, the guarantor. The amount that is at present due by the Grand Trunk Pacific Railway on interest is in the neighbourhood of \$9,000,000. By virtue of the arrangement which has been arrived at, this interest is wiped out.

The consideration for the cancellation of the interest lies in the fact that the new debentures to be issued will give the holders of the present perpetual debenture stock an interest of two per cent. The date at which interest could be paid by the surplus earnings of the Grand Trunk system is an unknown factor. The holders have been without any interest for the last seven years, and they agree to take, from now on, a small return in interest, namely two per cent upon their holdings; but they will have the advantage of being assured of their capital. Two per cent will be set aside yearly for amortization purposes, and this will wipe out the whole debt in thirty-two years.

After a period of ten years by drawings, the stock may be redeemed at 100 cents on