

a certain amount of money, I think it was something like \$900,000, which the company wished to apply to the payment of interest on the bonds; but the government insisted, and I think rightly so, that that amount should be applied to operating deficit. As a consequence the company ceased operating the road. The government of Canada then took it over, and the Minister of Railways of that day became receiver of the company. That line is still under a receivership, although operated by the Canadian National board. Now, in regard to the guarantee of the Grand Trunk Company, the government's guarantee of course, on the bonds of the Grand Trunk Pacific was absolute. The guarantee given by the Grand Trunk Company on the bonds of the Grand Trunk Pacific was somewhat restricted, and provided that the interest on those bonds should be met out of the net earnings of the Grand Trunk. The purchasers of those bonds bought them on the understanding that the interest would be paid out of the net earnings of the Grand Trunk. When the Grand Trunk came to the point where it had no net earnings, no interest was paid, and none, I believe, has been paid since. In reference to the receivership of the Grand Trunk Pacific, the act of 1919 provides, that when the amalgamation would take place and the Grand Trunk was brought into the Canadian National system it would be possible to dissolve the receivership of the Grand Trunk Pacific. That has not yet been done, and there are many obstacles in the way of doing it. I believe the Grand Trunk Pacific will form an integral part of a road which will be a paying proposition in the future development of Canada, even though it is not paying now. It never was intended, in the construction of the transcontinental system, of which the Grand Trunk Pacific forms a part, that it should run from the Atlantic to the Pacific and stop there. As in the case of the Canadian Pacific Railway, it was hoped and believed that it would be connected with the Orient; that it would be possible to carry traffic from Europe to the Orient by a route several hundred miles shorter than by any other line. I look forward to the time when the system will give such a service, making connection at Prince Rupert with a privately or publicly-owned line of steamships. When that time comes the project will be an asset and not a loss to the people of Canada.

Now, Sir, I come to the acquisition of the Grand Trunk, but first I want to deal for a moment with the objection of the ex-Minister of Finance (Sir Henry Drayton). Referring to the Grand Trunk, rather than the

Canadian Northern, he gave as a reason for the former government being without proper energy for two years, the fact that the Board of Arbitrators appointed to determine the value, if any, of the preference and common stock of the Grand Trunk had not yet reported, and consequently it was difficult to make the amalgamation without this report. I submit that the report, no matter what it contained, would not stand in the way of amalgamation. When the Board of Arbitrators wished to extend the time, it was made a condition by the government that the operation of the road should be handed over to the government. That was done. Then the award of the arbitrators was made. I submit that whether the award was made or not, no matter what it meant as to the value of the preference or common stock, if it had been decided, as it in fact had, to amalgamate the Grand Trunk with the Canadian National system, there was nothing that has come to my knowledge to prevent the government of that day, from the year 1919 until 1921, making that amalgamation.

Now my hon. friend says that the fact that the award had not been made really prevented them from proceeding with the amalgamation. Perhaps there may be something in it of which I am not cognizant, but, speaking from my own knowledge, that should not have interfered with it, because the government of Canada was committed to take over the Grand Trunk, the terms had been agreed upon, and the only question was what Canada should pay for it in addition, if anything. But, take the other viewpoint. Suppose that were the case; the award of the arbitrators was not given until after the appeal was decided. There was an appeal made to the Judicial Committee of the Privy Council and if the non-appearance, or the non-handing out of that award, made by the arbitrators, prevented my hon. friend from making the amalgamation for two years, then that time was extended automatically after the appeal was entered until such time as the appeal was decided by the Privy Council. Let me give a few dates to clear up this point. Notice of the appeal by the Grand Trunk to the Privy Council was served October 1st, 1921, but the case was not heard until July 10th, 11th and 13th, 1922, and judgment was pronounced on July 28th, 1922. We might call that August 1st. Two months after that decision was rendered the Canadian National Board of Directors was appointed by the present government.

Mr. MEIGHEN: That was not amalgamation.