upon the railway, it should ascertain what expenditures it will be obliged to ask Parliament to vote to make up for the deficiency in the maintenance of the road and rolling stock.

Mr. REID: The hon. gentleman is quite right; the Drayton-Acworth report makes a statement of that kind, and the Government feel that probably some money will have to be expended on the road. On the other hand, the Grand Trunk Railway management assure me that the road is in good condition and that it will not require large expenditures to put it in shape.

Mr. VEIN: They are the sellers.

Mr. REID: I admit that, but evidence will have to be brought before the arbitrators to prove that it is in good condition. The physical condition of the road and equipment must all be examined by experts and evidence to the satisfaction of the arbitrators must be presented as to the physical condition of the road and equipment. That will be the kind of evidence that the arbitrators will want, and of course it will have something to do with their decision as to the value that is put upon the stock.

Mr. VIEN: I quite agree with the minister that in the valuation of the first, second and third preference stock, as well as the common stock, the arbitrators will 5 p.m. have to take into consideration the physical condition of the road; but suppose they come to the conclusion that the stock is worthless, and suppose that they even come to the conclusion that the road does not warrant the expenditure of $60,000,000 on the four per cent guaranteed stock, as well as the undertaking of paying all the liabilities of the company, surely the Government, before entering into an agreement to pay not only the interest on the bonds, but also on the four per cent guaranteed stock, has taken the trouble to acquire information? That is the information that I ask the Government to lay before the House.

Mr. REID: The Government felt justified in taking over the Grand Trunk Railway system and to guarantee the stockholders. They have always paid dividends amounting to a million dollars and more on the guaranteed stock. No matter what may have to be done to improve the condition of the Grand Trunk, if anything, we are perfectly safe in making the agreement for that reason. I think that railway officials will admit that the physical condition of the Grand Trunk is not serious. No doubt the Grand Trunk, as well as all the other railways, is not in the same position as it was prior to the war. All railways had to economize and not maintain their properties in the same condition as they were in prior to the war. But they have been putting the road into condition since. They have been carrying on maintenance equally as well as any of the other railways in Canada since the war, and we are perfectly justified in assuming the guaranteed stock. If the road and the equipment were in a serious condition the arbitrators might not allow anything on the first, second and third preference stock or the common stock.

Mr. VIEN: Then the answer of the minister is that he does not know and he is not in a position to give to the Committee the information I require. If the minister is not in a position to say what expenditure will be involved in putting the railway and rolling stock in good working condition, I will refer the minister to page XCIX of the Drayton-Acworth report, where Mr. Smith in his minority report states:

My colleagues have recommended that the stockholders of the Grand Trunk Railway Company be paid an annuity, which is to be a "moderate but substantial portion of $3,600,000, the average dividend payment for the last ten years." This recommendation is in spite of the facts noted in the report that there are arrears in maintenance, which require the expenditure of $21,000,000, and that the company has charged to capital items which should properly have been charged against income, these facts indicating that there have been some dividends paid which have not been earned.

So the Government is not in a position to tell us what will be required from the Treasury to make good the default of the company to maintain its roadbed and rolling stock in good working order?

Mr. J. D. REID: I can get information from the Grand Trunk management as to the present condition of the system; but this I do know of my own knowledge, that the main line between Toronto and Montreal is being relaid with new ties and new rails, and that roadbed in my opinion is equal to any in Canada. I have travelled over it and seen it myself, so I know what I am talking about.

Mr. VIEN: A few sections only.

Mr. J. D. REID: Toronto to Montreal is the main line. The other parts of the system, I am informed by our own railway officials, in discussing it with them, are in as good condition as any other lines. The company have properly maintained the system in Canada. So far as the portion of