

Mr. GRAHAM: The act is negative and positive in different places.

Some hon. MEMBERS: Oh, no.

Mr. GRAHAM: That is absolutely right. My hon. friends know that the act gives certain powers and declines to give other powers. Will my hon. friend tell me of any section in the act which enjoins the president from doing anything of this kind?

Some hon. MEMBERS: Oh, oh.

Mr. MEIGHEN: I had not the advantage of being here last night, but I have read Hansard since and I must commence by saying that there was revealed last night the most extraordinary transaction, I think, ever disclosed in this parliament. I have difficulty in finding words to describe the conduct of the board. In so far as the minister is concerned his responsibility apparently arose after the transaction was complete, and his error consists in condoning the transaction and expressing approval of it in this House. A knowledge of—I had almost said of law—but a knowledge of the plain, simple facts connected with, or rather which constituted, the basis adopted by this parliament for the control of our National railways is necessary to comprehend the seriousness of what has been done. When this country found itself compelled to take over large railways—railways which could not stand up unless they were taken over—we had to find some way, some system, whereby we could at once get operation on business lines unaffected and uninterfered with by political considerations, and at the same time keep in the hands of the representatives of the people that fundamental control of general policy and of expenditure that necessarily the people of Canada would insist on where their own money is involved. Now the method adopted was this—and it is the very kernel, it is the very essence of the whole National Railway Act—that is so far as operation, ordinary operation, is concerned the board of directors elected by the Governor in Council should be in exactly the same position as any other board of directors elected by their shareholders, but there the control of the board of directors ended. In so far as policy and in so far as capital investment were concerned the board of directors could recommend and could do no more. The line was drawn between capital investment and operation. It is not a legal nicety; no one can escape the issue by merely hiding behind a lack of knowledge of law; it is as plain and naked a principle as anybody has ever seen. Let

me repeat. As read in part by the member for West York (Sir Henry Drayton) last night the National Railway Act provides that neither the board of directors nor the manager has any power to expend or pledge the money of this country for capital investment, save with the antecedent authorization of the Governor in Council. And the Governor in Council had its powers only when the money for the express purpose had been voted by this House.

What has happened? The manager of the Canadian National Railways desired to buy with the money of our railways, which means the money of this country, an hotel in Paris—to be converted I presume into some immense structure there—in order that Canada may get “on the main street” of Paris, to use the graphic language of the Minister of Railways. I do not know at what stage the device was adopted, but I have a suspicion that the circuitous plan finally used was not the original intent of Sir Henry Thornton and the management. I fancy it was when the fundamental legal position came before their eyes in its full strength that this device was adopted; to call it a subterfuge is to honour it. They buy the property in the name of one Aronovici who is their own servant in Paris. The minister says they could not buy it as a capital expenditure and take the title to the company; to do so is against the law. The right to do so has been denied by this parliament. But the minister thinks it is all right for them to buy it with the company's money in the name of Aronovici, and the minister passes his blessing on the conduct of Sir Henry Thornton adopting a subterfuge of that sort. I do not admit for a moment they had a right to buy this property in the name of Aronovici or of anyone else, and I question very much if they had the legal opinion of any lawyer of repute that such a thing could without a previous vote of parliament be done. But with or without a lawyer's opinion the people of this country will not stand for subterfuge of that sort to get round the provisions of an act of parliament. The parties go to the Bank of Toronto, they take the money of the people of this country and lodge it in the bank; and then the bank sends that money over to Aronovici to buy an hotel in Paris. What have they for it? They have not anything save the Paris hotel. They buy the property and then they set to work to get some syndicate to take it over—I mean the board, I mean Sir Henry Thornton—and so far as we are informed we do not know up to this hour in parliament whether there