

was brought into Parliament. It strikes me that the guaranteed stockholders have pretty nearly everybody by the throat. I do not understand what the first sentence of the amendment means, and I should like some honourable gentleman to explain it. It says:

The value, if any, so determined shall not be greater than an amount on which the annual dividend at four per cent per annum on the aggregate face value of the present guaranteed stock and the new guaranteed stock, taken together, would exceed \$5,000,000.

Hon. Sir JAMES LOUGHEED: Will my honourable friend permit me to say that for the delivering up, for instance, of the preference stock, or the common stock, as the case may be, we issue guaranteed stock. There will be two issues of guaranteed stock, namely, the existing issue, the 4 per cent guaranteed stock, and such guaranteed stock as we would issue for the delivering up of the outstanding stock.

Hon. W. B. ROSS: I understand that quite well, but that is not the point I am making. The aggregate face value of the present guaranteed stock and the new guaranteed stock, taken together, would exceed \$5,000,000.

Hon. Sir JAMES LOUGHEED: That is to say, that a dividend of 4 per cent on the face value of that stock, including the two issues of guaranteed stock, must not exceed \$5,000,000 per annum. At 4 per cent, that would represent a face value of about \$125,000,000, or, on the basis of 5 per cent, about \$100,000,000.

Hon. W. B. ROSS: It would be much easier to understand if it were put the other way: "Is not greater than an amount by which the annual dividends of 4 per cent per annum on these two stocks taken together would exceed \$5,000,000."

Hon. Sir JAMES LOUGHEED: No, that would be to say that they were to fix it at \$5,000,000. It must not exceed \$5,000,000. If you fixed it at \$5,000,000 they would say that you had already fixed the award.

Hon. Mr. LYNCH-STAUTON: The capital is not to be greater than an amount that would eat up \$5,000,000 at 4 per cent.

Hon. Mr. BELCOURT: Will my honourable friend permit me to suggest something? "The value, if any, so determined, shall not be greater than an amount that the 4 per cent of the total sum," and so on. Would not that be better?

Hon. W. B. ROSS: Anything would be better.

Hon. Mr. McLENNAN: Would it not be better to leave out everything between the new and the old stock?

Hon. Sir JAMES LOUGHEED: I regret that I cannot see eye to eye with the honourable gentleman from Hamilton. It seems to me that the amendment which I have moved fully covers the amendment he has moved, and that it is very much less complicated. The difficulty would be to import into it an amendment. A complex situation would arise touching subsidiary companies such as that embodied in his amendment. We cannot foresee the many considerations which will have to be taken up by the arbitrators, and if we once proposed to import into it an amendment of this kind, a situation such as my honourable friend has described would arise. Our attention was directed to this last night by my honourable friend the Minister of Labour. The Grand Trunk desired that the maximum should be placed at \$5,600,000. They insisted upon that, and they still insist, I may say. As evidence of that, they introduced into this discussion the statement which was read by my honourable friend the Minister of Labour yesterday as to the earnings, the profits, and the resources of these particular companies, and they said: "That represents the difference practically between the dividends which were paid over a long period of years on the four per cent guaranteed stock and on the preference shares, and that makes up the difference, and that is the reason we want the maximum increased to \$5,600,000." Now, if we begin to go into those many considerations, and to estimate what this group of subsidiary or affiliated companies represent, and then leave out others, and tie up the arbitrators, we may find ourselves very much embarrassed, and throwing a series of complications around the whole transaction that will render it very undesirable. I prefer that it should be left in this open way. We expect the arbitrators to go into every ramification of value, of liability, and of asset, and everything else in connection with this company, and we have not, up to the present, tied the arbitrators down to any fixed condition of procedure, and it is undesirable that we should do so. I would prefer that they should have the greatest freedom in going fully over the whole of the property, and not be tied down in any hard and fast way in regard to what may be the earnings of any particular company.