

given up. The Toronto Suburban, however, happened to be hanging out on a limb, so to speak, and I suppose the National railways felt they could let the owners take it over. If the mortgage is on an integral part of the line the Canadian National cannot take that position.

I do not wish to be misunderstood, and I do not wish to be unfair to the people who had the interest coming to them. I greatly sympathize with them. I do not wish to be hard-hearted; I understand how people may be misinformed, sometimes quite unintentionally and at other times intentionally. Of course no government is responsible. My hon. friend read something with reference to 1923, when this government was not in power. Even the late government, however, was not responsible for the opinion of a newspaper financial critic. As I say, I have every sympathy for those people, and if later on it is shown that they have rights that have been misconstrued or misinterpreted or violated by the Canadian National Railways certainly I should be the last to say they should not be given justice. That is the best I can say. I sympathize very much indeed, but at the moment I also sympathize with the people of Canada who have paid the interest on these bonds for a number of years, when that interest was not earned. I do not know, without some further reason being shown, why the interest should continue to be paid when it is not earned.

Mr. EULER: I had not intended to take part in this debate and I do not desire to prolong it, but I cannot quite agree with my hon. friend the minister with regard to the moral obligations and the liability of the owners of the road, who after all are the people of Canada through the Canadian National Railways. I do not agree that the obligation to pay the interest or the principal is at all dependent on whether the road earned the money.

Mr. MANION: I did not say that.

Mr. EULER: My hon. friend said he had a great deal of sympathy for the people of Canada. We all have that sympathy for ourselves, because the railways are losing money and naturally they do not want to pay out more than is necessary. But I view the matter in this way: There is a distinct difference between the shareholders of this road, who after all are the people of Canada, and the bondholders of the road who are the creditors. When a business goes wrong those owning the business should be the losers and the creditors should be paid if the assets are there with which to pay them. It may be perfectly true

that there is no legal liability; it may be perfectly true that in order to satisfy their claims as far as possible the bondholders may take possession of the road, which is worth practically nothing. To-day the people of Canada, through the government of Canada and the Canadian National Railways, have taken absolutely, I contend, the position of the original owners, who were the Canadian Northern or the Mackenzie and Mann people.

Mr. MANION: They were the owners subject to the mortgage.

Mr. EULER: Quite so, but the mortgage holders are the creditors and the men who own the stock are the owners.

Mr. MANION: I am the owner of my house, but if I do not pay the interest the mortgagee can take the house.

Mr. EULER: I am very glad my hon. friend raised that point, because I was going to use that illustration with regard to the moral obligation. We will suppose that I have a house or property, or my hon. friend has it, which is worth \$10,000. I need money, and I place a mortgage of \$5,000 on that property. I owe that \$5,000; I merely give the mortgage as a sort of security upon which the creditor may realize. I owe the whole of the \$5,000, whether or not there is any security given; that is my contention. If it should happen, for any reason at all, that the property becomes worth only \$2,000 or \$3,000, or if the insurance on the house is allowed to lapse and the house burns down, that does not wipe out the debt; the money is still owed if there is any possibility of paying it. Should the house burn down, the debt is not wiped out even legally if there was a personal obligation, but of course in this case there was no personal liability.

Mr. MANION: And the government was not really the owner; the National railways owned it.

Mr. EULER: The government is the National railways; I do not think you can dissociate the two at all. The point is this: There was a liability in the first instance, when these bonds or debentures were sold. I presume the actual money, which amounted probably to almost the par value, was paid into the treasury of Mackenzie and Mann, or the Canadian Northern Railway, and now the government of Canada, through the National railways, has placed itself absolutely in the position of that original company. I think that must be regarded as true.