

of the payments, and it was embodied in the document prepared and submitted to us.

Hon. Mr. EULER: Mr. Chairman, of course that does not touch the vital point as to the responsibilities of the railway to pay these bonds, merely because the railway is in a position, perhaps legally, and I am saying "only perhaps"—perhaps legally they do not have to pay those bonds in full, yet they continued to pay interest on them. I say that in ordinary human decency and moral obligations, that it is beneath the dignity of the Canadian National Railways, who, after all are representing the Canadian Government to give to these people any less than the amount advanced to the railways. That is my point.

The CHAIRMAN: Following Mr. Euler's argument, I had a letter a short time ago from a man who told me he was a bondholder of the Inverness railroad, which is a railway that is now being operated, I understand, by the Canadian National. How he came into possession of it, I do not know; but I do know this, that this man and others, bondholders, who loaned money in the same way to the Inverness Railway, when it was part of the Mackenzie and Mann railway, and is now a part of the Canadian National railways. But they are not being offered even 25 per cent on their bonds.

Hon. Mr. EULER: Do you think that is right?

The CHAIRMAN: No; but at the same time, that railway was taken over by the Canadian National, the Gaspé railway was taken over, and my friend Mr. Euler had knowledge of that. Those bondholders were paid 50 cents on the dollar, but the Inverness railway bondholders were paid nothing at all. I do not know how they managed to do the flim-flam, but somebody did it and that is what happened.

Hon. Mr. EULER: I was not going to use so strong a term in this case.

The CHAIRMAN: It may be wrong for me to use that term, but the fact is this, that that road is now being operated, as I understand, by the railway company. It is not like your road, the line of rust, it is being operated, because it reaches a coal mine. That is my information. The railroad has that line without being liable for the bonds; the bondholders are nowhere.

Mr. POWER: Are you sure we did not pay any money for the Inverness road?

The CHAIRMAN: I am quite sure. There was nothing paid to the bondholders at all. The matter was in the hands of the bondholders, and there may have been some legal fees in connection with investigations into the matter. I am not sure of that, because I do not know what the history is.

Hon. Mr. EULER: If the bondholders had arranged this voluntarily I would not say anything. I don't doubt that they understood they could not get any more and they decided that they would sooner take half a loaf than no bread, although in this case it is only a quarter of a loaf, 25 cents on a dollar; and for that reason it does not look to me like a square deal.

Hon. Mr. MANION: May I just say a word? From memory I repeat that the government had nothing whatever to do with it. I remember very very distinctly the late management putting the subject before me, and telling me the situation. They pointed out that the Guelph Suburban railway had not been earning its interest for some years. It is true, as Mr. Euler says, that the Canadian National continued to pay the interest; but the Canadian National had got into a financial position where they felt they could not continue to pay the interest. As a matter of fact, the \$100,000 a year was really not earned; they claimed they were not earning any part of it. In fact, they were losing on operations.

Hon. Mr. EULER: That does not touch the point.

Hon. Mr. MANION: They were losing on operations, and they discontinued paying the interest. Incidentally, it was the late management that discontinued