

townsites, and that the Government have practically assumed that indebtedness, and that when that indebtedness is paid off the townsites will go back to Mackenzie and Mann. Is that correct? Another question: Were there any townsites belonging to the Canadian Northern Railway Company?

Mr. J. D. REID: Answering the last first, the Canadian Northern may have some townsites at some new places, but when we took over the road we did not take over any townsites. We took over the land, as I stated before. When these townsites to which my hon. friend refers are sold, the proceeds are held as collateral for the bonds. It is true that the Government must return to Mackenzie and Mann the townsites or the money we get for them. So far as any equity Mackenzie and Mann have in these townsites is concerned, they are willing to let the Government take over the townsites now by arbitration, if the Government so desire.

Mr. CAHILL: In the interest of the people I would ask the minister for Heaven's sake not to undertake any more arbitration with the Canadian Northern.

Mr. J. D. REID: I do not think the people of this country agree with my hon. friend. I think they would have confidence in any arbitration that might take place. There is only one concern in which Mackenzie and Mann are interested, and they are only very slightly interested, and that is the docks at Port Arthur. There is a very small equity there and the docks are being used in connection with the Canadian Northern railway. This was indicated at the time of the arbitration, and there is no secrecy about it; and if at any time the Government desire to take over the docks they can do so on the basis decided at the arbitration. So far as I know this is the only interest that Mackenzie and Mann have in connection with the Canadian National railways. They have no say whatever in regard to the operation of the system, and this very small interest does not affect the management in the slightest degree.

Mr. CAMPBELL: A railway man said to me that Mackenzie and Mann still hold some interest in some of the equipment.

Mr. J. D. REID: That railway man, whoever he was, said something in regard to which he had no information whatever. Mackenzie and Mann have no such interest, and the statement only goes to show what stories are circulating throughout the coun-

[Mr. Campbell.]

try prejudicial to the interests of the railway.

Mr. CAMPBELL: Well, I thought I would give the hon. minister an opportunity to deny the statement.

Mr. J. D. REID: My hon. friend (Mr. Cahill) found fault with us because the maintenance of the Canadian National railways was more than that of the Canadian Pacific railway.

Mr. CAHILL: No, less.

Mr. J. D. REID: Rather, that the Canadian Pacific was more than the Canadian Northern. Well, the explanation is simple. The density of traffic accounts to a large extent for the difference. The Canadian Pacific railway runs through larger cities and therefore they should expend more than the Canadian Northern. If I remember rightly, the hon. member also stated that the Canadian Government railways carried more passengers than the whole Canadian Northern system carried in 1918. The hon. member must bear in mind that during that year practically every returned soldier that came from the other side landed at Halifax. These men went from Halifax to Moncton, and so much traffic was accordingly credited to the Intercolonial. My hon. friend complains bitterly that we are leaving in the National Trust Company of Toronto a large deposit as shown in the report submitted to Parliament. The hon. gentleman asks why we should leave \$3,260,489.35 on deposit with the National Trust Company instead of the Government taking and using that money. There are other large amounts on deposit with trust companies: the Fidelity Trust Company re equipment series \$7,500,000, Pennsylvania Company \$400,000 and so on. The hon. gentleman must bear in mind that these moneys are held by the trustees for the bondholders and said moneys will be released from time to time as the equipment which is the collateral security for the bonds is delivered and paid for by the railway company and ultimately all these moneys so held in trust will be released. The hon. gentleman also asks how much more will have to be put into the Canadian National railways; are we to continue spending money for equipment and for new construction and when is it to stop? When we took over the Canadian Northern its equipment was probably about one-third that of the Canadian Pacific. The Canadian Pacific owned about four and a half cars per mile while the Canadian Northern