

out of the Grand Trunk Pacific, the interest must be paid. It is very unlikely that there will be. One means of getting rid of that obligation would be to liquidate the Grand Trunk Pacific. But there is another liability: a separate account must be kept of the old Grand Trunk, which has been merged as part of the Canadian National Railways, so as to ascertain if there is a surplus after payment of the interest on their own bond. If there is, then it must go to pay the interest on those debentures. The Canadian National Railways have to keep accounts to show what is the result of the operations of the Grand Trunk Pacific, and what is the result of the operations of the old Grand Trunk. These are the reasons, I understand, why the Government deemed it advisable to consider whether there was a means of getting rid of these complicated liabilities and avoiding the necessity of keeping these complicated accounts.

In determining whether or not the amount is fair, which the Canadian National Railways, guaranteed by the Government, are undertaking to pay, one would have to know whether the future receipts from the old Grand Trunk will be sufficient to discharge the liability; for I think it is taken for granted that there will be no interest coming from the Grand Trunk Pacific. For my part I have no means of solving that question; I must accept the decision of the Government. I assume that a study has been made of conditions, and that a conclusion must have been reached that it is a fair bargain to make.

But the question arises as to what obligation is being assumed. The amount of the debentures being \$35,000,000, the interest to be paid annually for 32 years is \$1,400,000; therefore, we would have to ascertain what capital is represented by the payment of \$1,400,000 per annum for 32 years.

I appreciate the two reasons the Government have for getting rid of this obligation. What I dislike mainly is the fact that this Bill comes forward after an agitation on the part of the debenture holders in England, which to my mind was very unfair. They had voluntarily agreed to arbitration, and after the award was rendered they complained and tried to coerce the Canadian Government to assume a liability which the Government had no obligation to accept.

Hon. W. B. ROSS: Honourable gentlemen, the question whether or not this is a good bargain is a problem that no one can solve now. If the earnings of the Grand Trunk proper are very large in the future, then we gain by it; on the other hand, if

they run down to nothing at all, we lose by it. It is a gamble. I am not disposed to vote against this Bill, but I want to accentuate again the fact that this is a new bargain; that it does not grow out of anything wrong in the old bargain—anything in the way of over-reaching on the one hand, or being over-reached on the other. A number of business men get together and say: "Here is the situation, and here is the proposition. It will be an advantage to the holders of the Grand Trunk perpetual debentures if you can get that security into such form that it will have a ready money value in the market." It is important to bear in mind that we are not conceding that there was anything wrong on our part at all. The bargain now being made is based on the present situation.

There is this further feature. The old Grand Trunk comprised I do not know how many institutions; whether there were twenty or thirty the honourable member from Brockville (Rt. Hon. Mr. Graham) knows better than I do; and it is important that we should not give the bondholders connected with those old institutions any grounds for coming forward with a claim based upon any supposed concession to the Grand Trunk Pacific. If any of those people turn up with a demand, they will have to be told that it must be made on a purely business basis—

Hon. Mr. DANDURAND: Absolutely.

Hon. W. B. ROSS: —and that there is no liability admitted in this legislation. We are making a new bargain.

Hon. Mr. BEAUBIEN: I am glad I have not the responsibility of my honourable friend (Hon. W. B. Ross). He is leading this side of the House. The honourable gentleman sitting opposite (Hon. Mr. Béique) has pleaded for the Bill with all the skill and knowledge which everybody knows he possesses. But what is his argument? "We must simplify the bookkeeping." That is his plea. There is now an absolute necessity for keeping separately the earnings of the Grand Trunk and the Grand Trunk Pacific. We must get rid of that obligation. But how much have we to pay to simplify this bookkeeping? We are going to pay \$1,400,000 a year for 32 years, which, without interest, amounts to \$44,800,000; and, as everybody knows, with interest that sum will be practically doubled. All of this huge sum will be paid. That is to simplify the bookkeeping of two different roads. Every railway can tell you at the end of every year how much it has earned and how much it has spent on every one of its lines. We know that the Canadian Pacific Railway, for instance, is

Hon. Mr. BÉIQUE