

*The Address—Mr. Graham*

tem and cannot be so declared. The point is highly technical, and personally I do not agree with it at all. Power was given in the 1914 act to the Governor in Council to declare any companies to be companies comprised in the Canadian Northern railway system, and this same power was echoed in the Canadian National Railways Act, Stats. Can. 1918, chapter 13. We proposed to pass an order in council declaring the Canadian National Railway Company to be a company comprised in the Canadian Northern railway system within the provisions of the trust deed. The trustees say that we cannot do this because of the wording of Section 21 of the Canadian National Railway Company Act of 1919, which says that the company (the Canadian National Railway Company) may amalgamate with any company comprised in the Canadian Northern railway system. They say that indicates that the company is not comprised in the Canadian Northern railway system, and that the wording excludes any idea that it is so comprised. This seems to me to be splitting hairs with a vengeance. My reply, of course, is that there is nothing in the two enactments restricting the power of the Governor in Council to declare any company to be a company comprised in the Canadian Northern railway system, and unless you find an express restriction you cannot imply a restriction.

However, the trustees have the voting power on the stock of the subsidiary companies which is deposited with them, and the trustees will, of course, act only on the advice of their counsel. Under these circumstances, we have nothing to do but to accept the ruling of the counsel for the trustees and to take immediate steps for the amendment of the clause in the trust deed by the bondholders. This means that a bondholders' meeting will be called in London, England, as soon as we can get the notice published, and we will submit to the bondholders that the clause in question be extended so as to include authority to amalgamate with the Canadian National Railway Company or any other railway company approved by the Governor in Council."

I think, Mr. Speaker, that covers the ground. The statement is in legal phraseology and can now be referred to by any members of the House. That is the reason I have placed it on Hansard.

Now I come to the Grand Trunk Pacific. I think I have made it clear to the House that the amalgamation of the Canadian Northern is not such an easy task and must be approached—not approached because we have approached it, but must be carried on—with all regard to the securities held against the Canadian Northern system, and the government of Canada accepts all the liabilities as well as the assets.

Mr. MEIGHEN: Will the hon. gentleman permit me? I merely want to get at what he is driving at. I am not clear myself and I do not think other hon. members are, as to what amalgamation he looks forward to, of the Canadian Northern with the Canadian National Railway system, other than what now exists. That is to say, what other amalgamation does he think is legally possible? I realize what he says is true, that the entity must be preserved because of the legal securities that are outstanding. I have never

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complained of the lack of amalgamation of the Canadian Northern; I do not know what other amalgamation of the Canadian Northern with the Canadian National system my hon. friend looks forward to. I understand the order in council of January 30, 1922, provides what can be done further in the way of amalgamation of the Grand Trunk.

Mr. GRAHAM: Well, as I understand it the government of Canada have become the shareholders of the Canadian Northern as they now are the shareholders of the Grand Trunk.

Mr. MEIGHEN: We are shareholders now.

Mr. GRAHAM: We have not all the stock, as I pointed out.

Mr. MEIGHEN: That is all provided for by law. We do not want any further vote of the National Trust for that; there must be something in the way of physical amalgamation that the counsel has in mind.

Mr. GRAHAM: Well, at the present time the Canadian Northern railway is being operated by the Canadian National Railway board—in fact, although not legally speaking, the Canadian National Railway board to-day is also the Canadian Northern board. By this amalgamation there will be operation by a Canadian National Railway board. Under the act of 1919 the Canadian Northern system will be brought in as an entity of the Canadian National Railway system, and not operated separately as the Canadian Northern system is operated separately now, even though that operation is by the same board of directors.

Now let me take up the Grand Trunk Pacific as one of the entities that make up this system. The Grand Trunk Pacific was an integral part of the great transcontinental system inaugurated a few years ago. From Moncton to Winnipeg, some 1,800 miles, it was called the Transcontinental Railway, and was constructed by the people of Canada. From Winnipeg to Prince Rupert the line was called the Grand Trunk Pacific Railway, and was made up of two sections—the prairie section, and the mountain section. Guarantees were given by the Canadian government to the Grand Trunk Pacific. In addition the old Grand Trunk Railway Company of Canada gave a guarantee of bonds. That company did not meet the interest on these bonds under the guarantee, and aid was given year after year, both for operating deficits and to meet liabilities on securities which the government had guaranteed. A question arose with the government of that day concerning