

The Grand Trunk Railway company committed a fatal error in entering into arrangements for the construction of the Grand Trunk Pacific, and entering into a contract for the leasing of the Transcontinental line; and the Canadian Northern made a mistake owing to the ambition of those two gentlemen, and that is the real reason why we are discussing this question here to-day. Again I say the people of Canada are primarily to blame. Both Governments, the present Government and the former Government, are to blame in not having a proper realization of the resources of this country. If they had such a realization, these roads would never have been built. But they have been built, and we have to deal with this very knotty and very difficult question.

Now, the Grand Trunk Railway company has repudiated its contract for the leasing and operation of the Transcontinental; but it is yet, of course, bound to maintain, if it can, the Grand Trunk Pacific. The Canadian Northern, with the carrying out of the construction of the eastern and western lines in 1914, found itself embarrassed and approached the Government to obtain the sum of \$45,000,000 as an advance, or aid. A very considerable discussion took place at the time, but finally their wishes were acceded to, and aid to the extent of \$45,000,000 was granted to them. Honourable gentlemen must perceive that this grant would possibly have seen that road through to the finish but for the financial condition almost immediately thereafter brought about in consequence of the declaration of war. It became impossible for the company to dispose of the securities which the Government had endorsed for them, and they were obliged to come back to the Government and deposit some of the securities and obtain \$10,000,000. This circumstance shows that the general lending markets of the world were closed to them. The very considerable amount of money which Sir William Mackenzie was able to borrow in the British market without any security at all shows what an adept that gentleman must be in the matter of borrowing funds, and this guarantee of \$45,000,000 would have enlarged those borrowing powers—but for the reason which I have given. The breaking out of the war curtailed at once all possibility in that direction. No one conceiving what a very large operation this is can feel otherwise or be at all surprised that the company finds itself in the difficulties which I have named, and for the reasons which I have given. Of course, both the Canadian Northern and the Grand

Trunk railways were knocking at the doors of Parliament for further aid; and in 1915 the Canadian Northern returned and obtained further assistance from this Government to the extent of \$15,000,000. I am not in the secret of the Government, nor of the Canadian Northern. I am speaking as an independent Canadian, just as the rest of honourable gentlemen are.

The Government then perceived, and perceived perhaps more forcibly, that something would have to be done with regard to these two railways. This was a very difficult question to deal with, and the determination of the Government was to appoint a commission to investigate the general railway situation in Canada and report thereon. That report you have in your hands, honourable gentlemen. It is not necessary for me to say very much pertaining thereto. I am sure that honourable gentlemen have read it. Three gentlemen were appointed—an English railway man, the Chairman of our own Railway Commission, and Mr. Smith of the New York Central lines. You will observe that they differed in their conclusions. The majority report suggests the taking over of the entire Grand Trunk Pacific, and also the Canadian Northern. Mr. Smith, in his minority report, does not go so far. He suggests certain changes in so far as a part of each road is concerned. He suggests that, if the Canadian Northern is put in the position again of having the prairie provinces to operate in, it can get along. He suggests that some interchange be made so far as the Grand Trunk railway is concerned—that the Government take over a portion of it, and leave a large portion of the road in the hands of the company. No doubt the Government has carefully weighed the two reports, and the conclusion is practically this: nationalization of the two great systems, beginning with the Canadian Northern; and as a consequence, honourable gentlemen, you have before you this Bill. To me personally, at first sight it would seem a desirable thing that the Canadian Pacific Railway company should become the owners not only of the Canadian Northern railway but also of the Grand Trunk Pacific system. A great saving would accrue to the entire people of Canada if the railway mileage of the country were much lessened. Our entire railway operations would be carried on much more economically, the people would be better served, and conditions generally would be better. The Canadian Pacific is unquestionably a great railroad and well managed, a credit to the proprietors and a credit to the Dominion