

fictitious values. Consequently it is only right that there should be a write-down. Those figures do not represent money put into the system; they merely represent certain stocks taken over on the books of the system in 1920.

Hon. Mr. LYNCH-STAUNTON: How were those liabilities?

Right Hon. Mr. MEIGHEN: They were not liabilities. The capital liabilities of a company, common stock and bonds, all appear on the liability side.

Hon. Mr. LYNCH-STAUNTON: All that are held outside of the company.

Right Hon. Mr. MEIGHEN: Yes.

Hon. Mr. LYNCH-STAUNTON: But these are not held outside of the company.

Right Hon. Mr. MEIGHEN: They are held by the Government of Canada.

Hon. Mr. LYNCH-STAUNTON: As distinct from the corporation.

Right Hon. Mr. MEIGHEN: The corporation does not hold its common stock.

Hon. Mr. DANDURAND: It is held by the Minister of Finance.

Right Hon. Mr. MEIGHEN: Speaking subject to correction that may be necessary after further inquiry, I think a case can be made out for writing down in respect of that character of capital asset or capital liability, as it appears in the balance sheet. Now, the Minister seeks to fortify his position—

Hon. Mr. DANDURAND: Will my right honourable friend permit me? He has not spoken of the Canadian Northern. He has referred to the Grand Trunk stock liability only. Does he not apply the same argument to the Canadian Northern?

Right Hon. Mr. MEIGHEN: If there is a similar case in respect of the Canadian Northern I should be quite prepared to have similar adjustments.

Hon. Mr. LYNCH-STAUNTON: What is the liability of the Canadian National on any stock held by the Government? What is the monetary liability?

Right Hon. Mr. MEIGHEN: There is none.

Hon. Mr. LYNCH-STAUNTON: That is the reason I cannot understand how it is a liability.

Hon. Mr. DANDURAND: Yet it appears in the liability column.

Hon. Mr. LYNCH-STAUNTON: But it is not a liability.

Right Hon. Mr. MEIGHEN: It is not a liability in the sense of a debt.

Right Hon. Mr. GRAHAM: Would the right honourable gentleman permit me to ask him a question?

Right Hon. Mr. MEIGHEN: Certainly.

Right Hon. Mr. GRAHAM: Does he not think that the appearance of the liability for the Grand Trunk stock encouraged certain holders of that stock to enter an action against the company?

Right Hon. Mr. MEIGHEN: I have always wondered what in the world did encourage them to enter an action. That explanation is as good as any.

Right Hon. Mr. GRAHAM: We admitted it as a liability in our own statement.

Right Hon. Mr. MEIGHEN: I have always thought—it is more than a thought, because it is part of history—that that action was about as outstanding an example of poor sportsmanship as I have ever witnessed in my life. Those people came to us and on their knees told us they could not carry on, as they were at the end of their tether, and pleaded with us to take over the road. We made a proposal which, after months, they turned down. An alternative proposal, for arbitration, which we made at the same time, was accepted after some months. Its acceptance was recorded by vote of their directors and acquiesced in by their shareholders. They had as much to say in the choice of arbitrators and in the terms of the arbitration as we had, but after they lost they whined all over England that this stock was stolen from them by the Government, and finally they started an action. They wrote me about it, but they never published the reply that I sent them.

Right Hon. Mr. GRAHAM: I am not surprised at that. I just wanted to suggest that the fact of our carrying that amount in our own balance sheet as a liability would be an argument in convincing some of the shareholders, at least, that we admitted it was a real liability and that they had good ground for action.

Right Hon. Mr. MEIGHEN: It is possible, but I think those people were really better informed than that. I think they simply engaged in a little semi-blackmailing sport, trying to make a nuisance value. I do not think they had anything else in their minds.

Right Hon. Mr. GRAHAM: I had some experience with them.

Right Hon. Mr. MEIGHEN: And probably some of their number were engaged in the joyful occupation of making positions for themselves at the expense of the others.