

hon. gentlemen. The hon. member for South Cape Breton (Mr. Carroll) appears to have gained—or perhaps has always had—a saner and better view. At present certain restrictions do apply, as I understand the law, to the disposition of this stock to prevent, let us say, an amalgamation with the Canadian Pacific railway. I do not see why the present occasion is one for adding to these restrictions, nor do I see what object could be served by such restrictions. I do not see why the stock held by Mackenzie, Mann and Company should not be their property the same as any other property they own. They are already seriously restricted by the Bill in their disposition of this stock.

Mr. CARROLL: In what way are they restricted?

Mr. MEIGHEN: Because the road by these resolutions and the Bill to be founded upon them will be mortgaged under such drastic clauses that the stock may be very quickly and very summarily rendered valueless.

Mr. CARROLL: It still remains stock and it is not mortgaged as stock.

Mr. MEIGHEN: As stock it is not mortgaged, but what is represented by the stock is mortgaged, and their title to it and power to sell is to that extent restricted.

Sir WILFRID LAURIER: As I understand it, we are advancing to this enterprise \$45,000,000, and we take a mortgage upon the property of the parent and subsidiary companies. The point raised by my hon. friend from Welland (Mr. German) is, why not take a mortgage on the stock of the parent company? My hon. friend the Solicitor General says that we are amply secured by the mortgage which we have on the property of the company, and asks, what is the object of a mortgage upon the stock? The fallacy of my hon. friend's argument is this: The mortgage has value only when the property has earned a profit, and the profit will in the first place go to the owner of the mortgage, and after that to the owner of the stock. If profit is earned upon the stock of the subsidiary and parent companies, when the profits are distributed, the profits on the stock of the subsidiary companies will come to us, but if Mackenzie and Mann have sold their stock in the parent company, to whom will go the profits on that stock? We have no mortgage upon it?

[Mr. Meighen.]

Mr. MEIGHEN: Even if there are no profits on that stock, our present security is ample, and far more than ample.

Sir WILFRID LAURIER: That is to say, we are diminishing by that much the assets that we could have. It is obvious that if the property earns any profit at all, that profit will, in the first place, go to the holder of the mortgage.

Mr. BORDEN: The whole question is as to whether the security proposed to be taken by the Government in the form of a mortgage is adequate.

Sir WILFRID LAURIER: That is the point raised by my hon. friend from Welland.

Mr. BORDEN: I have understood hon. gentlemen opposite to argue very strongly that our security is absolutely valueless, but if it is valueless how can the stock be valuable? My right hon. friend says that a mortgage on the stock would give additional security to the Government, because the stock may pay a dividend and there may be profits on the enterprise. That being the case, then, as pointed out by the Solicitor General, it would be absolutely a work of supererogation to take any security upon the stock because, according to the premise upon which the right hon. gentleman proceeds, the property is valuable, and will not only satisfy all claims against it including this, but pay dividends besides. What advantage would there be, then, in taking security on the stock? My right hon. friend speaks of fallacy in the Solicitor General's argument. It seems to me that very much less attention directed to the right hon. gentleman's

12 noon. own arguments would disclose a greater fallacy in them. The mortgage is on the property of the Canadian Northern, and the stock can be of no value to any one unless the operation of that property is profitable. In that case there will be a dividend on the stock, but according to the premise the property will have acquired a value in excess of everything charged against it, including this charge, and therefore we should have no more protection by taking security on the stock.

Mr. PUGSLEY: It seems to me that there is very great objection to providing for an issue of upwards of \$100,000,000 of stock, or possibly \$125,000,000, by a company which admittedly, to-day is bankrupt. That is the whole argument which