

ments, cash in trust or otherwise. This particular debenture issue is in a better position than is any unsecured debenture issue of the Canadian Northern, because it has those lands as collateral. My hon. friend asks for certain information as to where these lands are situated. I think I can give that to him. The Canadian Northern Railway company had in the provinces of Manitoba, Saskatchewan and Alberta, 4,002,848 acres of those lands. There have been sold 3,159,720 acres, leaving unsold 843,128 acres. The value placed upon those 843,128 remaining acres is \$15 per acre, making a total of \$12,646,925. In addition, the Canadian Northern Railway Company, has a land grant from the province of Quebec of 402,860 acres, all unsold; from the province of Ontario, a land grant of 2,000,000 acres, all unsold, those lands in both cases being valued by the company at \$3 per acre.

Mr. PUGSLEY: I do not know if the minister is aware of the fact, but if the documents laid on the Table are correct, those debentures do not cover the land grant of 2,000,000 acres in Ontario nor the land grant of 402,860 acres in Quebec. On the contrary, those land grants are both hypothecated together with other securities, as the minister will find by turning to page 10 of the statement.

Sir THOMAS WHITE: I am not dissenting from that statement. I am giving these particulars for the information of the committee. In the province of Nova Scotia, there is a land grant of 150,000 acres, all of which has been sold. The deferred payments and accrued interest on the land grants I have mentioned were \$7,140,996, less commissions on the collecting of the instalments, \$478,887, leaving balance due on deferred payments and accrued interest on sales of \$6,662,109. I understand that the 4,000,000 acres of land referred to were originally obtained by Messrs. Mackenzie and Mann as contractors in connection with construction of certain railway lines which they built in Manitoba. Those lands belonged absolutely to them. As the system grew, they transferred those lands which they owned to the Canadian Northern Railway Company, and they now appear amongst the assets of that company. In 1899, the company issued a land grant mortgage to the amount of \$2,000,000, the proceeds of the mortgage being used for the purposes of railway construction.

Mr. PUGSLEY: On what lands?

Sir THOMAS WHITE: On the land grants.

Mr. PUGSLEY: In the West?

Sir THOMAS WHITE: Yes, a part of them, not all of them, about 1,600,000 acres. Again in 1909, they made an issue of \$5,000,000. Provision was made under these two mortgages for retiring the mortgages as the sale of the lands proceeded. In 1913, an issue of £3,500,000 of 5 per cent land mortgage debentures were made, and the proceeds devoted to the purposes of the company.

Mr. PUGSLEY: What are these last lands?

Sir THOMAS WHITE: Part of the 4,000,000 acres in the West. In addition to the above, the Canadian Northern obtained 120,000 shares of stock in the Canadian Northern Prairie Lands Company, which, at par, amounted to \$600,000, and in exchange that company gave the lands company 200,000 acres of land. The stock has been paying 10 per cent since its issue, and provision has been made from the sales of lands to retire the original stock at par. This was a transaction in connection with their issue of debenture stock, and the point I make is this, because I fail to see what bearing this has upon the question—

Mr. PUGSLEY: I will show the minister.

Sir THOMAS WHITE: I do not see what bearing it has, and I do not think it has any bearing at all, if we are going to take the stock.

Mr. PUGSLEY: What I was arguing was that you should not take the stock; you should expropriate the railway system.

Sir THOMAS WHITE: The Canadian Northern Railway Company issued debentures to the extent of \$21,000,000, and the proceeds went into the road. If there had been no collateral, the railway company would not have been in as good a position to-day as regards the collateral, namely, the lands, which represent a substantial value, no matter what the precise amount may be. Therefore, I do not follow my hon. friend when he suggests that the railway company should not retain these lands. Why should the railway company give up its equity in valuable lands, even if those lands are pledged to secure an issue of debenture stock. My hon. friend says that he is in favour of expropriation.