

Supply—Railway Commissioners

and they are sorry they did not do so. As to "Canadians hanging their heads in shame," may I say that such suggestion is a habit followed from time to time by people who have held bonds of some Canadian road. We all know the story of the Grand Trunk junior shareholders. The matter was put before a board of arbitration with the consent of the management of the old Grand Trunk, and the board of arbitration decided against them. However, that agitation still goes on in England. It would seem that widows and orphans in Canada must also get consideration. After all there are two sides to all questions, and there may be some justice in the present case. If there is further legal proceeding or further consideration by the government, any claims will be given attention. I would have no desire whatever to sidetrack any moral claim. According to the statement put to me by the railway, however, there is no moral claim. The four and a half per cent debenture holders of the Toronto Suburban had a mortgage on the Toronto Suburban Railway. Therefore when the Canadian National Railways refused to pay the interest the debenture holders had a right to foreclose their mortgage. And if they wished to operate the road they could do so, or sell it out, or do anything else they liked. As a matter of fact even when the interest was being paid I am informed the debentures of recent years did not sell much above fifty. Surely the people buying the debentures were not sure that the government was paying the four and a half per cent, or a government bond of four and half per cent would have brought more than fifty.

Mr. SANDERSON: What was the total issue?

Mr. MANION: About \$2,600,000.

Mr. CAYLEY: There seems to be some difference of opinion as to the moral obligation, and I can quite readily see that there would be. I have before me a letter on the stationery of the Financial Post, and among other things it says:

The Toronto Suburban Railway first mortgage four and a half per cent debenture stock due July 15, 1961, generally referred to now as the Canadian National Electric railway bond issue and which I presume you prefer to, is quite a conservative investment.

The issue is secured by a first lien on over fifty-six miles of road between Toronto and Guelph, power houses, land, buildings, franchises and other immovable property, as well as a first floating charge on the remainder of the company's assets.

They call it quite a conservative investment. I should have preferred the expression, "quite a safe investment".

[Mr. Manion.]

Mr. MANION: So would I.

Mr. GARDINER: What date was that?

Mr. CAYLEY: May 27, 1931. Here is a communication from the Toronto Saturday Night dated January 10, 1923. It is as follows:

We consider the Toronto Suburban Railway four and a half per cent debenture stock an attractive purchase. There is a first mortgage on the property and while the railway is owned by the Canadian National Railways one can be sure that it will be looked after by the Dominion government, if earnings are not enough to take care of it.

There was the view that the Canadian government or the Canadian National Railways would look after it. The minister knows as well as anybody that sometimes the public do not understand what they are buying. The certificates that were issued are very misleading. Quoting from another newspaper article I find the following:

The Toronto Suburban Railway passed into the hands of the Canadian National Electric Railway a number of years ago, and the certificates read—"The Canadian National Electric Railway." The bank amalgamations used a very similar form, and in each case assumed the absorbed banks' liabilities. These certificates bear the signature of H. W. Thornton and three or four other officials of the Canadian National Railways. The transferring has always been done by the Canadian National Railways and the interest cheques came from the Canadian National.

That is the point I wish to bring out. It seems as though everything was done to induce the public to feel that they were secured, and even those who were in a position to know felt to a certain extent that the certificates were good if the government had taken them over. I know we cannot protect the public against buying, and yet when they see certificates signed by men they know, they think everything is all right.

Mr. MANION: There are others in the same position.

Mr. CAYLEY: I am very sorry this has occurred. Now I should like to ask the minister a final question. I see a long list of other bonds in a similar position, that are not guaranteed. I suppose they will ultimately fall in the same category?

Mr. MANION: Not necessarily; some of them are in a much different position. Some are on portions of the road that could not possibly be let fall, no matter how much you might wish to do so. For example, you might have bonds on a central portion of the old Grand Trunk line running from Toronto to Montreal, a part of the line that could not be