

more than the liabilities or worth perhaps as much; but they will be able to show an earning capacity which you are taking away from them, and you are taking away that earning capacity just at the time when it becomes a real earning capacity—because up to the last few years it has been problematical, but now it is a real earning capacity—and you are going to say to an arbitration: you will have to take all these matters into consideration. We all know how these things go. I know from my little experience with arbitrations of right of way and other things in connection with railways, all these matters must be taken into consideration; and the result will be that we will pay to Mackenzie and Mann \$10,000,000 or \$20,000,000 or \$30,000,000, which we ought not to pay and which we have no license to pay to them at the present time. But, on the other hand, if they, through their energy and ability, have worked up an organization which has a money-earning capacity, then let them work it out. Why take it away from them? Why pay them money which they have not earned? Rather leave it in their hands and let them work it out, and if there is any money in it let them make it. I think, myself, that if you allowed this road to go on for four or five years more it would be self-sustaining. I realize that next year we will probably have to put up more money, and, perhaps, the year after. But we are in it. I think it was an improvident bargain three years ago. When the proposal to guarantee \$45,000,000 was up I was opposed to it, and, while I have not looked up my remarks, I have a very good recollection of the attitude I took. I was opposed to granting the \$45,000,000. Then, in addition to that, you have granted them \$15,000,000, making \$60,000,000, and now you are proposing to put up \$100,000,000 next year. I say that is not good financing under present conditions; it is not good business for Canada. The proper business for Canada at this time is to put up just as little money as she can get along with and leave this road in the hands of the men who have made it a fairly successful enterprise up to the present time, taking, of course, all the security which they can give you, taking the stock, enough of it to put it beyond question that you have a majority and have control. In fact, I would take practically all the stock. I would hold it as a trustee and let these people go on and see if they cannot work out their own salvation. It will not become any worse in a year, because if you control the

[Mr. Carvell.]

expenditure of money which you put up it will not be wasted, and the property will increase its earning capacity. You will not have to spend the \$100,000,000 that we are going to spend next year, and if you have to take the road over a year from now, or two years from now, you will have saved probably \$50,000,000 or \$75,000,000.

That brings me to the last point I wish to discuss, that is, the method of arriving at the amount of compensation, if compensation is to be paid. I entirely agree with my hon. friend from Welland (Mr. German) in the statement he made this afternoon. I do not believe in handing this over to an arbitration board. I believe the arbitration would go at the matter in a sentimental way, in a manner which a judge of the Exchequer Court would not. If we have to arbitrate or to pay Mackenzie and Mann for their equity, surely the determination of the amount to be paid them should be put in the hands of a man who will apply all the technical rules and knowledge which ought to be applied in arriving at the real value of this enterprise. We have all had experience with arbitrations. I do not believe there is a lawyer in this House who, if he is honest, will not tell you that he has all his lifetime advised clients not to arbitrate. I have laid it down almost as a settled rule in my practice, invariably to advise clients not to arbitrate, because arbitrators, appointed as you appoint them here, will always give and take. One party will build up an unreasonable contention. I will venture to say that Mackenzie and Mann will claim before this board that they are entitled to \$100,000,000, and no doubt the Government arbitrator will say: You are entitled to nothing. Then they will go on and argue and argue, and finally divide the difference. That is what happens in most arbitrations, and the result will be that Mackenzie and Mann will get three times what they are entitled to. Whereas if this is given over to the Exchequer Court you will at least have it decided on well-known principles which should govern the assessment of compensation in matters of this kind. So, Sir, for these reasons, I am very much opposed to the proposals contained in this resolution, and I hope the Government, even at this late date, will see their way clear to reconsider the matter and to put up as little money as they can to tide this road over for a year, or possibly two years, in the hope that the war will end—and surely it will end in that time. If, at that time, you had only the Canadian Northern