

opinion, be the same as that of other rail-ways.

The hon. member said that the equipment of the Canadian Northern when we took over the road was a lot of old junk.

Mr. CAHILL: A lot of it, not all.

Mr. J. D. REID: Before we took over the Canadian Northern system we had expert valuers go over the whole equipment and they valued it for what it was worth at that time. I am quite sure that my hon. friend, if he saw the valuers' report would not think that the equipment we took over was old junk.

My hon. friend has also referred to the Mackenzie and Mann interests, and has stated that we are in partnership with Mackenzie and Mann so far as the Duluth and Winnipeg railway is concerned.

Mr. CAHILL: I do not know how many others.

Mr. J. D. REID: We will take that one first. Information respecting all these rail-ways was given to the House when the Bill was put through. It was shown in Parliament that Mackenzie and Mann owned 49 per cent of the Duluth and Winnipeg railway, and that they retained that interest when we took over the Canadian Northern.

Mr. CAHILL: What Bill does my hon. friend refer to?

Mr. J. D. REID: The information appeared in the blue book which was laid on the Table at that time, and which is a part of the records of the House.

Mr. CAHILL: At what time?

Mr. J. D. REID: In 1914. The blue book shows the interest Mackenzie and Mann had in all these subsidiary companies. It showed whether we were purchasing them outright, or whether there were other interests. For instance, the city of Quebec has some interest in the Canadian Northern Quebec.

Mr. CAHILL: Have Mackenzie and Mann no interest in that road?

Mr. J. D. REID: I do not think so. The information is all set out in the blue book. My hon. friend says that the Duluth and Winnipeg railway is making money. It is; it is one of the best parts of the system. My hon. friend has also referred to the Townsite Company, of which Mr. Hanna was president. If my memory serves me right, when we took over the Canadian Northern all the land was taken over except the townsites, which Mackenzie and Mann

owned personally. The valuation was made on that basis. I cannot blame my hon. friend for the position he takes because he has got his information from the public records, but I can assure him that if he understood the whole situation he would come to a different opinion. Prior to the Government taking over the Canadian Northern the townsites owned by Mackenzie and Mann had been given as collateral security to parties who had made a large loan to the Canadian Northern. The parties would not advance the money otherwise, so these townsites privately owned by Mackenzie and Mann were given as collateral security for the loan. They were not released when we took over the road, but are still held as security for the loan that was made.

Mr. CAMPBELL: Have Mackenzie and Mann still an equity in these townsites?

Mr. J. D. REID: Yes. Now the Canadian Northern system in order to see that the money collected from the sale of these townsites went to the trustees for the bondholders appointed directors to see that the money was used for the particular purpose for which the security was given, and when the Government took over the Canadian Northern we had to have some of our Canadian Northern or Canadian National officials as directors of the Townsite Company, so that they would have control of the money until the maturity of the bonds.

Mr. CAHILL: I would like the minister to make that a little more clear. When the Townsite Company sells a lot, why do they have to keep any track of the money so far as the Government is concerned? As I understand it, when the bonds are paid off the lands will revert to Mackenzie and Mann interests. The Government will pay off the bonds and the lands revert to Mackenzie and Mann, so there is nothing to the minister's argument that we must keep some one to look after Mackenzie and Mann interests. Our men should be looking after our own interests, not the interests of Mackenzie and Mann.

Mr. J. D. REID: The townsites were given to the present bondholders as collateral security. Now, you cannot wipe out the collateral security. Therefore, the sales from these townsites must go to the trustees for the bondholders. Eventually any equity Mackenzie and Mann have in the townsites will go to them.

Mr. CAMPBELL: I understand that the bondholders have a claim against these