

equity. My honourable friend from Pictou (Hon. Mr. Tanner) questioned him on the subject of the equity, and asked him, in regard to mortgages, why there was always an equity, no matter what the situation was, and he denied it, and tried to argue on that point; but my honourable friend from Pictou must have convinced him, for before he got very far he said that there was an equity—that there was no question in his mind about the equity. He said, "We will pay that equity by giving the Canadian Northern some more stock, and if it does not become valuable they will be no worse off than they are now." That is the admission of the equity. What did the honourable gentleman say on the principle of the Bill? I am sorry that he is not here; it is to my disadvantage to have to speak in his absence. He said: "I would rather give the Canadian Northern the money; I would rather loan them the money and let them go on." He said that he was not in favour of the Bill, but that he was in favour of giving them money, as has been done before, and letting them go on. The Bill does not say whether we are going to pay for the equity or not. We do not say that there is any equity; but in considering this question we must remember that there is always an equity in a franchise; therefore, I say that the Government could not in honesty take over the ownership and control of this railroad without giving the company a fair opportunity of placing its claim before the proper tribunal.

Honourable gentlemen do not object to arbitration, but they say that the senior judge of the Exchequer Court should be the arbitrator. What is proposed in the Bill? The Government names Chief Justice Meredith as its arbitrator, and allows the Canadian Northern to name one and the two gentlemen thus chosen are to select a third arbitrator. If they do not agree as to who shall be the third arbitrator, the question is referred to the senior judge of the Exchequer Court, who may name any one he wishes. Can any one say that is not fair, or can any one suggest a better way of appointing the arbitrators? I think that answers once and for all the argument that we should have asked the senior judge of the Exchequer Court to act in the capacity of arbitrator.

The only difference between the proposals contained in the Bill and those of the honourable gentleman from De Lorimier (Hon. Mr. Dandurand) is that he says: "We will take the money out of the treasury and give

it to the Canadian Northern to keep it up until after the war is over," whereas the Bill says we will take over the ownership of the road. The road will continue its operations; the officials will continue to run it; we will become the receivers. If a receiver were appointed, the creditors would be coming in and asking for their money, and every man in this House knows that what would take place would be a calamity. If such a thing happened, the Government would have to come in and take over the bonds that have been issued by the company, the majority of which bear interest at 3, 3½ and 4 per cent.

My honourable friend from De Lanaudière (Hon. Mr. Casgrain) talked a great deal about the interest that we would have to pay for money, but in spite of that he said to let the road go into bankruptcy and into the hands of a receiver. If this road went into the hands of a receiver, we would have to pay eight per cent for money to take up the bonds. I ask any honourable gentleman in this House, or anybody in this country, if under the circumstances any better policy can be adopted than the policy which has been adopted by the Government. The only reference my honourable friend from De Lanaudière (Hon. Mr. Casgrain) made to the policy of the Government or to the Bill was when he said that he did not know what was going to be done with the \$25,000,000 which is mentioned. He was not told. It is apparent that the honourable gentleman has never read the Bill, because section 5 of the Bill says:

So soon as the said five-sixths of the said shares have been transferred as aforesaid, the Governor in Council may assist the Canadian Northern railway company, or any company included in the Canadian Northern railway system, in paying and settling any indebtedness of such company or postponing the payment thereof on such terms as may be agreed upon, and for such purposes may make advances out of the Consolidated Revenue Fund: provided, however, that until authorized by Parliament, the total of such advances shall not exceed the sum of twenty-five million dollars. A statement of any such advances, showing in detail the purposes for which they were applied, shall be presented to Parliament by the Minister of Finance within twenty days after the opening of the next ensuing session thereof.

That explains what is going to be done with the \$25,000,000, or whatever portion of it is necessary to continue the road in operation. In the Senate we vote Estimates for the Intercolonial railway and for public works of different kinds. The Estimates are made up and are passed by the House of Commons and by this House a year before the money is to be expended, so my