

anted by provincial governments, had been spent; and I am sure that, having an inventory of the liabilities of the road, we should have seen that not more than two-thirds of that money had really been spent on the road. We should have learned all those things. But, unfortunately, members on both sides of the House voted against the amendment which I moved for an investigation, only about 20 members voting in favour of it.

I must point out, moreover, that the province of Quebec never guaranteed one cent of those millions. That province has paid a very large share of the cost of both the Canadian Pacific railway and the Canadian Northern. The province of Quebec never took any responsibility for the Canadian Northern and did not profit by it, except the Quebec and Lake St. John railway, for which the Quebec government has paid hundreds of thousands of dollars; and therefore how unfair it is for that province to be loaded now with a share of the Canadian Northern debt amounting to nearly \$100,000,000! It is only right to recall these facts to show this honourable House how fair was my proposition made a few years ago, that an investigation be held before the \$45,000,000 should be granted, in order to ascertain how all the money guaranteed by the provincial governments had been expended. If that investigation had been held, it would have been ascertained, I repeat, that not two-thirds of the money borrowed from the provincial governments by Mackenzie and Mann or the Canadian Northern had been expended on the road. It will be seen how unfair and unjust it is for the province of Quebec to be loaded with such an enormous share of that debt, without having guaranteed one cent.

Hon. Mr. BEIQUE: I may be allowed to add that this statement shows only part of the liabilities of the system. The liabilities are much greater.

Hon. Sir JAMES LOUGHEED: This statement was brought down at the instance of the honourable gentleman from Ottawa (Hon. Mr. Belcourt), to show what collateral is now held by the creditors who hold the short loans amounting to \$67,000,000. The statement from which my honourable friend (Hon. Mr. Béique) has quoted is only an incomplete statement, and was not intended to be used in connection with the subject which we are now discussing. There is no reason why it should not be used, but it is an incomplete review of the financial situation of the road.

S-421

Hon. Mr. BEIQUE: I understand that the total liabilities amount to between \$700,000,000 and \$800,000,000, that is, for the system.

Hon. Sir JAMES LOUGHEED: No.

Hon. Mr. BEIQUE: I think I saw that statement.

Hon. Sir JAMES LOUGHEED: No; the liabilities of the Canadian Northern Railway system total \$413,264,377.

Hon. Mr. CHOQUETTE: The honourable leader of the Government said a moment ago that those who hold collateral securities would be paid only their market value.

Hon. Mr. DANDURAND: No, no.

Hon. Mr. CHOQUETTE: I understood my honourable friend to say so. I would be very glad if that is so, because our share of the liability would be less. I am asking my honourable friend if he is sure of that.

Hon. Sir JAMES LOUGHEED: I said that whatever the legal rights of holders of securities are, they will probably realize that amount.

Hon. Mr. CHOQUETTE: Certainly the legal rights will be recognized; but will not the Government be obliged to pay the par value of those securities?

Hon. Mr. DANDURAND: Certainly.

Hon. Mr. CHOQUETTE: Unless the Government is bankrupt.

Hon. Mr. EDWARDS: I assume that on a short-date loan, or any loan, the buyer simply pays the amount he borrows, and the interest. If a person buys a security, that security is his, and he can sell it for what he can get; but if on collateral security you borrow a certain amount from a bank or any other institution, you are liable for the payment of what you borrow, not for the face value of the instrument you pledge as security.

Hon. Sir JAMES LOUGHEED: The security is a contract, and the contract determines what is payable.

The motion was agreed to, and the Bill was read the third time and passed.

INCOME WAR TAX BILL.

CONSIDERED IN COMMITTEE—THIRD READING.

On motion of Hon. Sir James Lougheed, the Senate went into committee on Bill 85, an Act to amend the Income War Tax Act, 1917. Hon. Mr. Schaffner in the Chair.