

Sir THOMAS WHITE: I do not understand that that land is vested in the Canadian Northern—though if I am mistaken, I should be glad to be corrected. Mackenzie and Mann have hundreds of enterprises throughout Canada and elsewhere. If this matter has any relevancy to the discussion of the acquisition of \$100,000,000 of stock of the Canadian Northern Railway system, I shall endeavour to obtain what information I can about it.

Mr. MARCIL: The citizens of Montreal were told that this Model City was being opened up in connection with the new tunnel. In fact, it cannot be reached except through the tunnel. All the land which could be purchased on the north side of the mountain was acquired and promises were made that a magnificent city would be laid out there. What I wanted to know was whether that enterprise had any connection with the Canadian Northern system or its subsidiary companies.

Sir THOMAS WHITE: I am not aware that it has any connection, but I shall inquire, and if I find that it has I shall make a statement in regard to the matter.

Mr. MARCIL: It is only fair to the public that the minister should explain exactly how the matter stands.

Sir THOMAS WHITE: I can obtain information about it only if the Canadian Northern owns the land. If it is some subsidiary enterprise owned by Mackenzie and Mann, or others, it has no connection with this resolution; it would have no bearing upon our determination of the issue.

Mr. MARCIL: In the statement that has been issued, certain lands owned by the company are dealt with; I thought that these might be in the same category.

Mr. PUGSLEY: The debentures amounting to \$21,000,000 which are to be assumed by the Government have as their sole security the sales agreements of lands in the West, about 800,000 acres of unsold lands, and the cash proceeds of the sales which are in the hands of the National Trust company. They do not cover the land grants either in Ontario or in Quebec. My hon. friend will, I think, see the importance, before asking the committee to authorize the country to become liable for these debentures, amounting to the enormous sum of \$21,000,000, of furnishing information with regard to these lands, where they are situated, what sales have been made each year since the Government be-

[Mr. Marcil.]

came represented on the board of directors pursuant to the resolution of 1914—because the assurance was then made that the Government would be so represented—and what has been the average value per acre of the lands sold. My hon. friend will find that when those lands are all sold there will be a large shortage, amounting to several million dollars, which the country will be obliged to assume, and I think the people are entitled to have the information for which I have asked.

Sir THOMAS WHITE: As I stated last night, and as the Prime Minister stated, I utterly fail to follow the argument of my hon. friend from St. John. The Canadian Northern Railway company issued its debentures to the amount of about \$20,000,000.

Mr. PUGSLEY: \$21,000,000 is nearer the correct amount.

Sir THOMAS WHITE: Well, say \$21,000,000. If they had had no lands at all to pledge, and had issued their debentures and taken the proceeds and used them in the construction of the system, if we took over the stock of the Canadian Northern Railway company, that would not in any way lessen or diminish the indebtedness of that company in respect of the issue of debentures. Instead of issuing those debentures unsecured, the Canadian Northern Railway company had land, and in order to make their debentures more attractive to the investing company, the railway company pledged the land as security for the debentures. My hon. friend says that when the transaction is at an end, there will be a shortage representing the difference between the amount realized from the sale of the lands and the amount of debenture stock issued. Assuming, for a moment, that that will be so—I do not know whether it will be or not—I ask: How does that affect this question? In what different position is it from other debenture indebtedness of the Canadian Northern? My hon. friend suggested last night that the Government might have nothing to do with those lands.

Mr. PUGSLEY: Hear, hear.

Sir THOMAS WHITE: The Government does not get into privity with the debenture holders except to this extent: They are in precisely the same position as with the other debenture holders. If those debentures are paid off in time, the Canadian Northern Railway company will have whatever security is left there, in lands, deferred pay-