

stock; it covers only the holders of the guaranteed stock. But these friends in the ring around the Government—we must protect them; we must guarantee the interest; we must see that they lose nothing.

Mr. MEIGHEN: Does the hon. gentleman not see that the preference stocks, on which we do not guarantee anything at all, have risen in value rather more proportionately than the guaranteed stock?

Mr. VIEN: Yes, but the minister said this afternoon in that very respect that those that buy on the stock exchange might regret their action.

Mr. MEIGHEN: Certainly.

Mr. VIEN: That the value on the stock exchange is an inflated value.

Mr. MEIGHEN: I did not say it is inflated. It may go down, as may the advance on the guaranteed stock. That would indicate that it is just the report of the transaction that has had that effect. That is something we cannot prevent. They may lose on the transaction; they may gain; but we do not know now.

Mr. VIEN: That is a distinction on a fine point. The minister says that it may go down in value. That is to all intents and purposes the same as saying that those who buy it at the present time might ultimately regret the transaction. I do not find any difference as to that; but at any rate, even if the first, second and third preferential stocks have augmented in value on the stock exchange, they are in no way guaranteed by the Government; whereas the Government, by the deal which it is asking the House to sanction, guarantees the interest on the guaranteed stock, and that is a pure gift for which there is no reason, because the Government will have no recourse whatever to be reimbursed the balance that may be owing to them after the accounts of the Grand Trunk and the Grand Trunk Pacific have been settled by arbitration. The minister said this afternoon, just a minute before recess: Well, we do not give up any of our claim; if our claim against the Grand Trunk is in excess of the value put on the preferential stock by the arbitrators, we shall have our claim against the Grand Trunk just the same. But the minister surely knows that the Government will be put in the place of the shareholders of the Grand Trunk Railway Company by the deal that is now proposed. The Government will have recourse against the Grand Trunk Railway Company, and the

company will, to all intents and purposes, be the Government itself. Therefore, by putting aside that \$60,000,000 worth of that guaranteed stock on which the interest is now guaranteed, we have purely and simply guaranteed a payment which the arbitrators, if that class of stock had been left to arbitration like the preferential stock, might have valued at may be fifty cents on the dollar or under.

Mr. ROWELL: My hon. friend's argument seems to be predicated on a certain view of the position of the Grand Trunk Pacific. Does my hon. friend think that the building of the Grand Trunk Pacific was a gigantic blunder and that it is not worth the cost of building?

Mr. VIEN: No, I never contended that. I approve, as the people of Canada have several times approved, the building of the Grand Trunk Pacific railway.

Mr. ROWELL: Then, if my hon. friend admits that the building of the Grand Trunk Pacific was a wise thing in the national interest, and that it is worth the cost of building, what is the use from his standpoint of all this argument about the liability of the Grand Trunk as guarantor of those bonds?

Mr. VIEN: There are two clearly distinct points involved. The advisability of building the Grand Trunk Pacific railway is one thing, and on that point I fully agree with the minister as well as those who fathered that project. The minister himself at that time, I understand, highly approved the project. But there is another point—and this is the second point on which the minister questioned me—the value of the Grand Trunk Pacific railway in respect of the liabilities that are put upon it. In respect of that, I have no opinion to give. I do not know; the Government does not know; the Government is not in a position to tell the committee whether as things stand today the obligations of the Grand Trunk Pacific railway will be met by the assets of that company. A receiver has been in charge for a year, and he has not taken the trouble to liquidate the whole thing. He has not made any reports to this House. He is not in a position to tell the arbitrators that he has a claim against the Grand Trunk, to call upon that company to live up to their obligations and to pay the difference, if the assets are not sufficient to meet the liabilities of the Grand Trunk Pacific. I am no more in a position to tell that than is the President of the Council (Mr. Rowell). The President of the