

still fallacious and deceptive; 4° That, in one single year, the company has transferred to the capital account of railroad construction more than five millions of interests, thus covering by so much its actual annual deficit.

In ordinary times and performed by ordinary people, on an ordinary scale, such operations are called fraudulent overcapitalization, false statements, embezzlement, extortion or—to speak the barbarous language of our jurisprudence—obtaining money under false pretences. You or I, we would be sent to penitentiary for that. But if accomplished at the State's expense, by a horde of pirates of the higher finance and of still higher politics, they call it national development, pioneering work, etc., etc. It brings in millions and a cart-load of K.C.M.G.'s and other baubles which show the Crown's gratitude towards clever, bold people and profiteers. When, at last, comes the hour for the supreme efforts, for the last millions, everything is set a-going: the Empire, Democracy, "Superior Civilization"—I have already said it a score of times. What can you expect? The vocabulary of those people is not very extensive; it is still one of their powers—and they expropriate the capital of Mackenzie and Mann and of their many associates, a capital the easier to expropriate in that it does not exist!

Of these capital assets, the State already owns forty millions; it is the bundle of dry leaves which Mackenzie and Mann handed over as a gift to the nation, in exchange for the Finance Minister's signature endorsing forty-five millions of their debentures. From this signature, they have already drawn as much as thirty-six millions. The object of the present Bill is to expropriate the balance of the fictitious capital—sixty millions—except what has to be let of it in the hands of some shareholders equally imaginary, in order to preserve to the enterprise the appearance of a "company," instead of making a State department out of it; but the State does nevertheless assume the full responsibility of the company's liabilities, without caring to know whether the property is adequate to the assumed liabilities.

The very fact of admitting the principle of expropriating the capital stock presupposes some value whatever; now, upon this point, the Commission's report is overwhelming. Sir Henry Drayton and Mr. Acworth, relying upon the company's own figures simply cleared of the grossest frauds, put the enterprise's total cost at \$370,000,000. Depending upon Mr. Swain's estimates, they set at \$402,000,000 the present value of the property and of the rolling stock. Now, the company's total liabilities—leaving out the capital stock—exceed \$400,000,000, of which one hundred millions, at least, are due and payable at short notice. On the other hand, the traffic receipts, in spite of the increased operations for the past two years on account of the war, are not sufficient to cover the running expenses and the interests.

Whatever be the valuation basis adopted—actual cost of construction, present physical value, or productive value—the Canadian Northern, with all its sub-companies, constitute nothing but a gigantic failure; its capital stock, never paid in, is worthless; it is more than doubtful that the company's property is worth the liabilities the State is assuming; it is certain that for a long while hence the receipts will not be adequate to cover the interests.

In any other country, the State, in any other bankruptcy, the principal creditor, would merely

[Mr. Proulx.]

proceed with the company's liquidation; and should he be obliged to redeem the property, he could only take it over at its actual value, disencumbered of the liabilities in excess of the realized assets.

If the Government considers that the nation's credit is indirectly engaged by the confidence which its repeated favours may have inspired its other creditors, that care—so little seen when it should keep direct promises—should not go any further than the company's actual liabilities. There is no reason for adding one cent to those excessive liabilities, in order to compensate shareholders who have no right to it, neither moral, legal nor material.

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In order to better throw the dogs off the scent, the Minister of Finance has laid before the House a statement of the Canadian Northern's state of affairs on June 30, 1916. This condensed statement can be read a good deal easier than the commission's report which covers almost two hundred pages, bristling with technical details and tables where are spread out myriads of figures. Most members and senators whose vote will decide the question will likely read only this "condensed" statement—and moreover, how many will vote without reading anything, without understanding anything, except the whip's password! Now, this "condensed," very condensed statement very quietly sets out with a false entry of one hundred millions! It places to the account of the concern—"Railway and Equipment at cost to the system"—and without distinction as to the real expenditure, \$100,000,000 worth of stock for which Mackenzie and Mann and their multiple associates, apparent or hidden, have never paid one cent! On this point, the declarations of Messrs. Drayton and Acworth are absolutely positive; and Sir Thomas White has not offered the least denial.

The auditing of the capital stock account would be instructive. I remember having seen quite a block of this stock set on the balance-sheet of the estate of a Liberal minister who had been most zealous in helping the multiple enterprises of Mackenzie and Mann. He is dead; may he rest in peace! But there are still enough who are alive, "rouges and bleus," that Parliament will not pry into that, you may be sure of it.

The Minister of Finance, I repeat it, has not dared to oppose the least denial to the formal and oft repeated assertion of the investigating commissioners on that point. He thought it was more clever to discredit the authority of their report and that of Mr. Swain's valuation, by pointing out certain "oversights." Mr. Swain, says he, has not taken into account the value of the company's lands. In the first place, nothing shows that Mr. Swain was called upon to do such work. He even states in his report that the delay granted him did not allow him to accomplish, as he would have liked to, the sole task entrusted to him; the valuation of the railroad and of the company's subsidiary enterprises. In the general settlement of the company's financial situation, the commissioners have not computed, it is true, the value of the company's lands, \$19,885,485—according to the administrator's own valuation—but they did take into account the amounts realized upon the mortgages which encumber those same lands: \$17,776,514. The margin is not very wide. By estimating that the amount of the mortgages annuls the stated value of the lands, the commissioners may have probably remained on this side of the truth.