

Hon. Mr. MANION: This was 4½ per cent debenture stock.

Hon. Mr. EULER: A debenture is, in effect, a bond.

Hon. Mr. MANION: They call it a stock.

Hon. Mr. EULER: After the road was abandoned, the Canadian National Railways continued for some time to pay the interest on the debenture stock. The mere fact they were paying interest shows it was a loan, not a stock. Stock gets its revenue by way of dividends which are supposed to be made out of profit. That is the point I wanted to make. Then, I should like to quote from one of the Toronto papers which says that the Canadian bondholders of this line have issued a writ in the Supreme Court of Ontario against the Canadian National Railways, Canadian Northern Railways, and the British Empire Trust Company, and so on, with regard to this offer of 25 cents on the dollar. Further down it says:—

Last July 25, Canadian debenture holders received a notice calling a meeting in London, England, for July 27th, to consider accepting 25 cents on the dollar in full of claim. Canadian shareholders, it is said, were later told that the offer would have to be accepted or they would receive nothing, and it is claimed many debenture holders interested in the present action sent their proxies under misapprehension.

In the proposed settlement, the English committee are being paid \$18,000 for services but no Canadian debenture holder was a member, nor did any information come from them that any settlement was being discussed, the lawyers assert.

- The Canadian debenture holders are asking that the whole matter be reopened and representations are being made to Ottawa that no action be taken until further information is available.

These are the two things I wanted to mention. First, I think it is utterly wrong, and unmoral—I was almost going to say immoral—for the Canadian government to try, under the guise of it not being a legal liability, to escape—

Hon. Mr. MANION: Would you mind leaving the government out of it? It is the Canadian National. The government did not guarantee the bondholders in any way, shape or form.

Hon. Mr. EULER: They are Canadian government owned railways. I would say to you, sir, that the Canadian government has some responsibility to those bondholders despite the fact the railways are supposed to be entirely under the control of a commission.

Hon. Mr. MANION: May I explain my point? The Canadian government never in any way, shape or form guaranteed those bonds. The Canadian government never got into the deal that was made. The only way we have ever mentioned it is by way of explanation and answers to questions that arose from some members on the other side of the house or our side who asked us about it. We were not in the deal at all; it was a business deal with the Canadian National railways and the debenture stockholders in England, who represented, I understand, a majority of the stockholders, over 75 per cent. The only point I am making is this: I do not think the impression should go out that the Canadian government have refused to pay anyone in England, because the Canadian government did not get into the picture directly.

Hon. Mr. EULER: I will place the responsibility on Canada. I these bondholders in England, and I believe they are 75 per cent of the bondholders, which is the number necessary to carry the deal through, accepted 25 cents on the dollar, I think they did it under pressure; they feared they would lose every cent, and they would sooner take 25 cents than get nothing at all. The railway is not operating at all; it is absolutely worthless and valueless. It