

Mr. VIEN: Is not the Grand Trunk Railway Company guarantor to the Government of the bonds guaranteed by the Government for the Grand Trunk Pacific?

Mr. J. D. REID: No, it is not, it is liable only for what it guaranteed itself. The Grand Trunk Railway system is not liable for the bonds that were guaranteed by the Dominion Government.

Mr. DENIS: Would it be possible to get from the minister an approximate figure as to the liabilities of the Grand Trunk to the Dominion of Canada?

Mr. MEIGHEN: The Grand Trunk Railway Company owes the Dominion of Canada some comparatively small amounts, and there are, I believe, counter accounts against that.

Mr. DENIS: Do they run into tens of millions?

Mr. MEIGHEN: No. I look over the Grand Trunk accounts and I do not find it so. I do not say that there is no obligation; I think there is; but it is not in large figures at all. The Grand Trunk Railway Company did not borrow from the Government of Canada; it was the Grand Trunk Pacific Railway Company that borrowed, and the Grand Trunk in respect of those borrowings did not give its guarantee. I think it did in respect of one, and I am sure that will be found in this pamphlet although it is difficult to trace it just at the moment. I find this on page 53:

\$15,000,000—4 per cent Government loan, due July 1923, secured by Grand Trunk Pacific debentures and guaranteed Grand Trunk Railway.

That is one. On the same page I find:

\$10,000,000—4 per cent Dominion Government loan, due May, 1919, guaranteed by Grand Trunk Pacific, secured by Grand Trunk Pacific bonds.

That is guaranteed by the Grand Trunk also, and that, I understand, was not paid.

Mr. VIEN: That is what I mean.

Mr. MEIGHEN: That is an outstanding liability by the Grand Trunk to the Government secured on the Grand Trunk Pacific.

Mr. DENIS: Outside of the \$97,000,000 owed by the Grand Trunk to the Dominion of Canada?

Mr. MEIGHEN: No, it would not be right to say that the Grand Trunk owes this money to the Government. The Grand

Trunk Pacific owes it to the Government, and it is secured by bonds on the Grand Trunk Pacific. But the Grand Trunk is in the position of an obligor, as a guarantor of that debt, and consequently inability to collect from the Grand Trunk Pacific gives us right of recourse as against the Grand Trunk, and once we choose to exercise that right of recourse the Grand Trunk will then be compellable to pay, and this liability will, of course, necessarily be considered by the Board of Arbitration in deciding whether there is any value in the stock to be arbitrated upon. There are the liabilities of the Grand Trunk on bonds on the road that were initially guaranteed by the Grand Trunk. The first mortgage bonds are guaranteed by the Grand Trunk, the second mortgage bonds by the Government.

Mr. FIELDING: The first mortgage bonds by the Government.

Mr. MEIGHEN: The first mortgage bonds by the Government, the second mortgage bonds by the Grand Trunk, and then those others come after that.

Mr. J. H. SINCLAIR: If the minister will look at page 26, there is an amount of \$15,142,633 which is described as "exclusive of Government loan to Grand Trunk Railway." What does that mean?

Mr. MEIGHEN: I think that is the original loan made about the time of confederation or before.

Mr. J. H. SINCLAIR: Will that be paid back?

Mr. MEIGHEN: That has never been considered. I think the people of Canada have pretty much come to the conclusion that that sum was a subsidy, although as far as I know it still stands in the position of a loan even legally at the present time. But, as I understand the matter, neither interest nor principal has even been requested from the Grand Trunk Company. That represents all that the Grand Trunk Company has secured in the way of subsidies on its lines.

Mr. J. H. SINCLAIR: Has the Grand Trunk admitted its liability in respect of the guarantee of the Grand Trunk Pacific, or is it a matter of dispute as to whether they are legally liable to pay anything in respect of that guarantee?

Mr. MEIGHEN: I could not say that the Grand Trunk has admitted its liability. It has not done so in express documentary form, at all events. At the same time I could not say there is any question about