

colonial Railway system, the Canadian Northern system, the Grand Trunk Pacific, and the Grand Trunk system.

Sir WILFRID LAURIER: How much for each?

Mr. A. K. MACLEAN: I cannot distribute the figures among the several systems, but the Minister of Railways can do that. This rolling stock will be distributed among the several railway systems which I have mentioned according to their necessities. This, as I have already said, will involve a very large expenditure, and if the Department of Railways can finance this operation by the sale of equipment bonds, it necessarily entails less financial outgo on the part of the Government, and I submit to the committee in all fairness that this is a very fair, proper and businesslike arrangement in all the circumstances of the case.

Further, the resolution asks that the Government may guarantee equipment notes issued by any company for the purchase of rolling stock. Now, perhaps I can best illustrate the purpose and intention of the resolution upon that point by pointing out to the committee that the Canadian Northern railway will require, I think, about \$30,000,000 worth of rolling stock. While the Government of Canada own that railway, still our ownership is evidenced merely by the possession of the shares of the company; the corporate entity still exists as the owner of the road. It may be that, later on, the rolling stock ordered by the Minister of Railways may be acquired to the extent of twenty-five or thirty million dollars by the Canadian Northern railway, and it will issue against that rolling stock so acquired equipment bonds which it will sell in the Canadian market, or in the American market if it can. And if the Government's guarantee will facilitate a profitable sale of these notes, evidently it is in the interests of the railway, and certainly in the interests of the Government, that they be relieved as far as possible this year and next year of as much of the cost of purchase of this rolling stock as is possible. The Government may exercise either power as defined under the resolution, but whichever is taken it seems to me that when one considers the large financial obligations entailed upon the Government these days, it is only fair that in acquiring this rolling stock it should be permitted to resort to this system of financing, which is common with all other railway systems and which, I think, is not objectionable in any respect.

Mr. ROBB: Before the Finance Minister (Mr. A. K. Maclean) leaves that point, what does he mean by exercising either power as defined in the resolution?

Mr. A. K. MACLEAN: As I understand the resolution, under the first part the Government may acquire all the rolling stock necessary for these railway systems and itself issue equipment securities, or it may hand over to the Canadian Northern and Grand Trunk railway systems whatever portion they require, these companies, in turn, issuing equipment securities, guaranteed, if necessary, by the Government. It is unfortunate that so many of the railway systems of Canada are at present in such a financial position as to require government assistance to the extent shown by the large purchases of railway equipment. Nevertheless, the Government must stand behind these railway systems, because if it did not the whole commercial fabric of the country would fall to the ground, and we should find ourselves in a very uncomfortable position indeed. The member for Maisonneuve (Mr. Lemieux) suggested that there should be some limitation as to time or amount in this resolution. That may be well worth considering, but I suggest to him that he allow that consideration to stand until the Bill is introduced.

Mr. LEMIEUX: That is what I intended.

Mr. FIELDING: I judge from what the member for Maisonneuve says that there has already been some discussion as to the limitation of amount. The object of this resolution is one which we should all heartily approve. The need of rolling stock on most of the railways is urgent, and the companies themselves are not in a position to do their own financing. I agree that somebody must help the railway companies to get rolling stock, whether this help be given through the medium of equipment bonds or by the Government's paying for the rolling stock and then lending it to the companies. These are matters of detail; the Government are wise in leaving these various avenues open. But the resolution is open to the observation made by an honorable gentleman who has spoken: that the Government are taking a "blank cheque." The Minister of Finance is authorized to issue equipment bonds. Whatever you may call them, if issued by the Minister of Finance, they are the bonds of the Government of Canada, and under this resolution the Government may issue them for untold millions. I do not speak in a criti-