

*By Hon. Mr. Calder:*

Q. Sir Edward, you have certain bonds outstanding?—A. Yes.

Q. Upon which you have always paid interest. Suppose things go to the devil and you don't earn the interest even, you default on it; what are the rights of the bondholders?—A. They become the shareholders of the company automatically.

Q. And then those who are appointed by the C.P.R. on this new board would be their directors, or they could appoint others?—A. Yes.

*By Hon. Mr. Dandurand:*

Q. The present shareholders would lose their right to vote?—A. In the interval until the default is made good.

*By Hon. Mr. Robinson:*

Q. I think I understood you, Sir Edward, to say that unification would be only a success under private management?—A. Yes, sir.

Q. And that under public management it might fall down. Suppose we have unification, and it starts out with all the advantages of private management. With the trend of public opinion in a country like ours towards public ownership, I think before many years it would inevitably result in public ownership of the railways, because you will have to borrow money for improvements, this will go on from time to time until they are joint securities, which will mean that they are really being backed by the Dominion of Canada.

Hon. Mr. CALDER: The same way with the textile or any other industry.

*By Hon. Mr. Robinson:*

Q. We are developing a new set of people with a new set of ideas. Our politicians are going to develop the idea and will say, "We are running this show anyway, we are backing all the bonds. It is pretty near time we had public ownership, the same as we have with the Bank of Canada." I think that will be the inevitable result. Then, according to you, we won't have any savings.

Hon. Mr. HORSEY: May I revert for a minute to the labour question?

Right Hon. Mr. MEIGHEN: Before you do that, Senator, will you allow me to put a question?

Hon. Mr. HORSEY: All right.

*By Right Hon. Mr. Meighen:*

Q. What Senator Robinson has in mind has troubled me really more than any other point. That is to say, as to the degree to which the providing of additional capital investment and the possible obligations of the Government with respect thereto would bring about a situation where the public feeling that the Dominion's credit was supporting the system, a movement would grow to take it over and make it a purely government institution—something akin to the movement which has resulted at last in a Bank of Canada.

Hon. Mr. ROBINSON: Yes.

*By Right Hon. Mr. Meighen:*

Q. But is not this likely to be the situation? Your joint board of directors of an operating company will have no duties at all save the management of the joint system, and it is management purely from the business standpoint. They will be in exactly the same position as the board of directors of the Canadian Pacific now are with respect to their property, giving the best service because in that way you get the best results; in fact compelled to give service by the Railway Commission. But if the Government of the day, under public pressure, feels that there is some more service to be given by this system, something more than the board of directors, acting as business men, feel the system itself should